



THE PUBLIC  
PAPERS AND  
ADDRESSES  
OF  
Franklin D.  
Roosevelt

*Franklin D. Roosevelt*

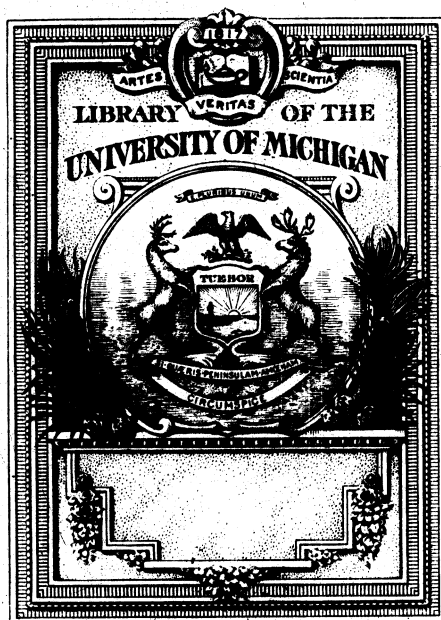
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1939

War

and Neutrality

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**THE PUBLIC PAPERS AND ADDRESSES  
OF FRANKLIN D. ROOSEVELT**

*1937 Volume*

THE CONSTITUTION PREVAILS

*1938 Volume*

THE CONTINUING STRUGGLE FOR LIBERALISM

*1939 Volume*

WAR — AND NEUTRALITY

*1940 Volume*

WAR — AND AID TO DEMOCRACIES

THE PUBLIC PAPERS  
AND ADDRESSES OF  
FRANKLIN D.  
ROOSEVELT

WITH A SPECIAL INTRODUCTION  
AND EXPLANATORY NOTES BY  
PRESIDENT ROOSEVELT



*1939 Volume*  
WAR—AND NEUTRALITY

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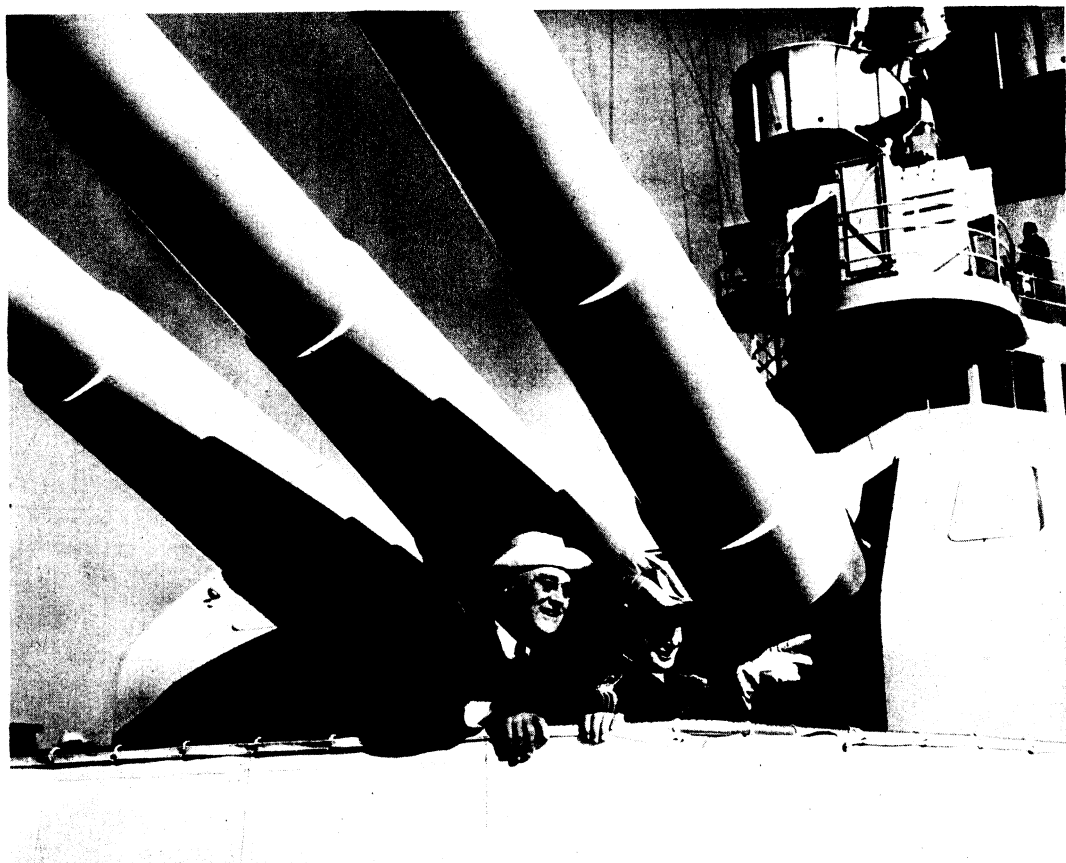
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compiled and collated by

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Counsel to the Governor during the ad-  
ministration of Franklin D. Roosevelt  
as Governor of the State of New York

1929-1932





WITH THE PACIFIC FLEET





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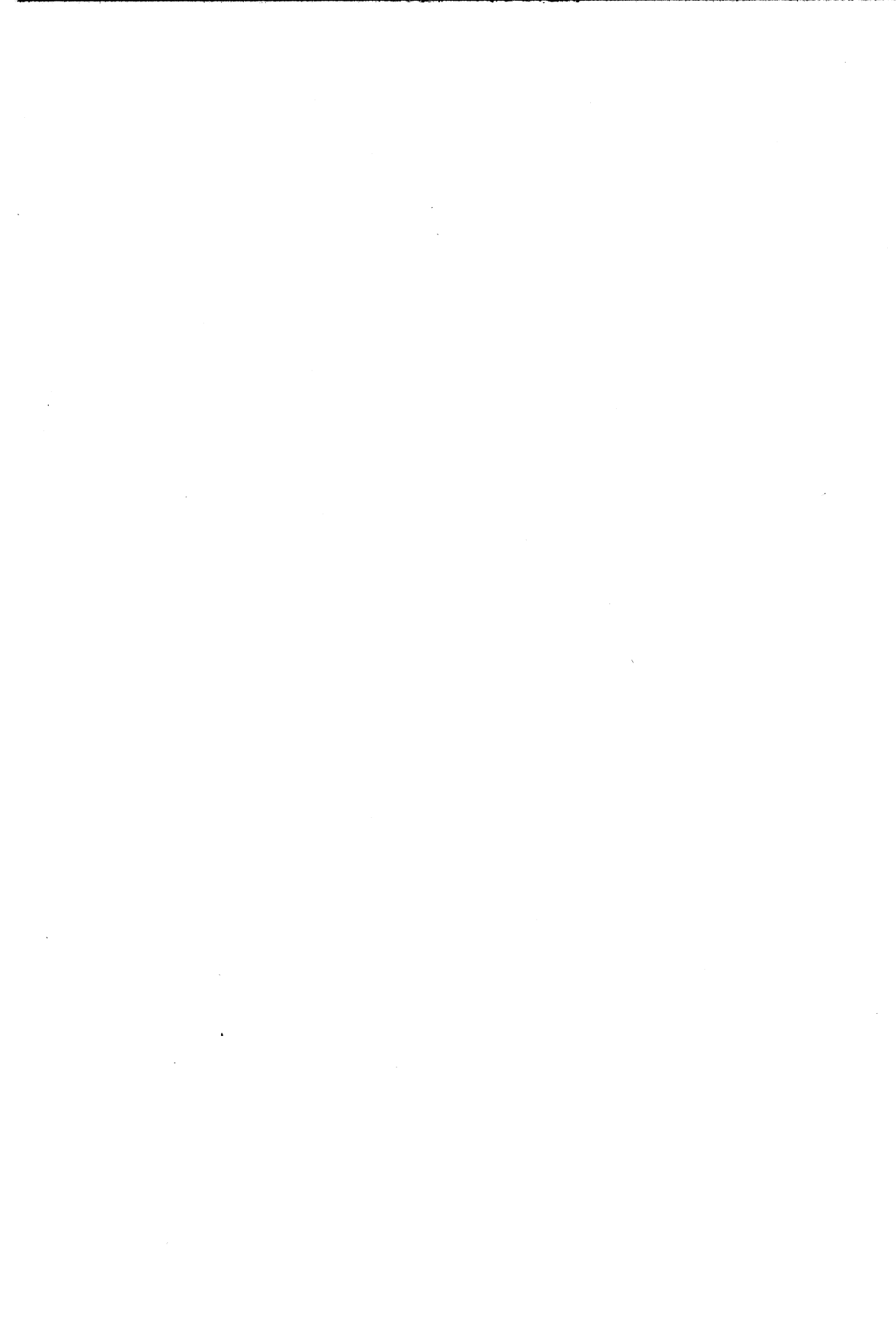
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# War—and Neutrality



# Introduction

**I**N 1939 there started another general war, for which Germany had been preparing since 1933, and for which Italy and Japan had been preparing for years before. It is a war which had been definitely and unmistakably foreseeable since 1936, when the Nazis marched into the Rhineland.

I think that historians will record the fact that, ever since 1933, the United States and its government had persistently and actively sought to prevent this conflict, and to preserve peace in the world. This search for peace was the very keystone of our entire foreign policy. It was dictated not only by a natural humanitarian desire to prevent the bloodshed and horrors of war, but also by a realistic appreciation that any European war would be a definite danger to our own peace and security, and to the welfare of the entire western hemisphere and the rest of the world.

In the western hemisphere we have been committed to, and have consistently and conscientiously practiced, the role of the good neighbor. We entered into Pan-American conventions embodying the principles of non-intervention. We abandoned the Platt amendment which gave us the right to intervene in the internal affairs of the Republic of Cuba. We withdrew the American marines who had been stationed for many years in Haiti. We signed a new treaty with Panama upon a mutually satisfactory basis. We engaged in several Inter-American conferences productive of many agreements of mutual advantage. We entered into many trade agreements with other American countries to our mutual commercial profit. At the request of neighboring republics, we helped to settle various boundary disputes between American nations. As a result of these and many other instances of similar nature, each member of the American family of nations has come to look upon the United States as its own good neighbor. The treaty arrangements between the various American republics, and the various steps in implementing

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this good neighbor policy have all been discussed at different places in these volumes of "Public Papers and Addresses."<sup>1</sup>

It was our aim that this policy should establish the solidarity of the western hemisphere on a permanently peaceful basis. That aim is being realized. It was also our hope that this example of these twenty-one republics, of different size and strength and resources, living together in peaceful cooperation, would have its influence upon the rest of the world. Unfortunately, that hope has proved to be in vain.

In other ways, too, the government of the United States actively sought to preserve the peace of the world. The two great obstacles to world peace in modern times have always been: first, the piling up of armaments, particularly weapons of offense; and, second, the erection of tariff barriers to prevent reciprocal trade and commerce between nations.

Both of these obstacles to peace had been growing in effectiveness during the last ten years. Time and again, the United States tried to break them down and clear the way towards peace.

With respect to disarmament, this administration took the lead as early as May 16, 1933. On that date I addressed an appeal to all the nations of the world in an endeavor to obtain some definite result from the disarmament conference which had been meeting rather ineffectively in Geneva since 1932. Armaments in non-democratic governments had been persistently increasing. International trade had been continually falling off because of newly imposed quotas and other trade barriers. In my message to the nations of the world,<sup>2</sup> I pointed out that only a very small minority of governments and of peoples have any desire for aggression or for enlargement of their own territories at the expense of others. I pointed out that if armaments of offensive warfare were eliminated, the fear of invasion then held by so many other nations would necessarily disappear. I appealed,

<sup>1</sup> See Items 37, 86, 114, 141, 156, 169, 180, 1933 volume; Items 20, 33, 38, 38A, 59, 88, 95, 96, 100, 127, 128, 132, 133, 1934 volume; Items 40, 40A, 105, 163, 1935 volume; Items 17, 35, 86, 140, 211, 222-227, 1936 volume; Items 42, 54 (page 204), 61, 151, 165, 1937 volume; Items 48, 66, 85 (page 412), 1938 volume; Items 7, 56, 82, 122, this volume; Items 33, 63, 71, 95, 108, 1940 volume.

<sup>2</sup> See Item 56, 1933 volume.

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therefore, for drastic reduction in offensive weapons. I also asked that "all the Nations of the world should enter into a solemn and definite pact of non-aggression."

In this same message there was also discussed the necessity of breaking down international trade barriers which always go hand in hand with increase of armaments, as a cause for war.

The difficulty with this appeal and with subsequent appeals was this: although ninety per cent of all the people of the earth were content with the territorial limits of their respective countries, and would have been willing to reduce their own armed forces if every other nation in the world would agree to do the same thing, the possibility that the remaining ten per cent would seek, by force of arms, territorial expansion into the lands of their neighbors provided an ever present danger which could not be disregarded by any one. That small ten per cent, under various pleas and pretexts, remained unwilling to reduce their own armament or to stop their vast programs of rearmament, even though the other ninety per cent were more than willing.

Obviously, unless every nation were willing to eliminate weapons of aggression and offensive warfare and to bind itself not to invade any foreign territory, it was useless to expect any other nation to disarm.

I am convinced that if the particular nations which are now generally conceded to be the aggressor nations in the world had been willing to cooperate in disarmament and non-aggression in 1933, the present conflict could have been avoided; and any just grievances and fair demands which they might have had, could have been worked out by international conference and negotiation.

It is now a matter of history that pleas for disarmament were disregarded; and that the race for further armament became accelerated year by year.

With respect, also, to breaking down the barriers of trade between nations, the government of the United States has, since 1933, taken the lead in the promotion of reciprocal trade agreements between the nations of the world. Year after year, the

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President, under Congressional authority, has been entering into reciprocal trade agreements with other countries on behalf of the United States. By these agreements, the United States and other countries have permitted the importation of the products of each other on a fair and equitable basis. They have had far-reaching results in the stimulation of world trade, the reduction of unemployment, and the establishment of international peaceful relations.<sup>1</sup>

Unfortunately, however, aggressor nations are never interested in a fair exchange of international trade on a just basis. They have shown that they much prefer to conquer weaker nations by force of mechanized warfare, and then compel their victims to trade with them on terms imposed by them unilaterally as victors of war.

The efforts of the United States to prevent war were continued year in and year out. It became evident, however, as the years went by, that although these efforts were having their effect in the western hemisphere, they were unable to overcome the insistence of dictators upon increasing their own mechanized armaments on land, on sea, and in the air. This small handful of ruthless men, it became more and more apparent, were determined to use force instead of the normal processes of trade and conference to attain their own ambitions of territorial and commercial expansion and domination.

This trend of affairs, which became worse and worse after the Italian conquest of Ethiopia and the Japanese aggression against China, called forth repeated official warnings throughout the world. Here in the United States, it was clear to this administration and to a great many of our citizens in public and private life, that events in Europe and Asia were heading quickly and almost inevitably toward war. There were, unfortunately, many Americans, however, as there were many citizens in other democratic nations throughout the world, who refused to believe that

<sup>1</sup> See Item 160, 1933 volume; Items 33 and 111, 1934 volume; Items 36 and 105, 1935 volume; Items 97 (page 287), 151 (pages 421-422), 224 (page 608), and 243, 1936 volume; Item 145, 1937 volume; Items 65 and 136, 1938 volume; Items 48 and 80, this volume; Items 1 (pages 5-6), and 31, 1940 volume.

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war was probable, or even that it was possible. Nevertheless, I deemed it my duty constantly to keep before the people of the United States the ever-growing menace of a general European war. Time and again, I called attention to this mounting threat, not only to the peace of Europe, but to the peace and security of the western hemisphere as well.

For example, in my annual message to the Congress in 1935<sup>1</sup> I said, "I cannot with candor tell you that general international relationships outside the borders of the United States are improved. On the surface of things many old jealousies are resurrected, old passions aroused; new strivings for armament and power, in more than one land, rear their ugly heads." In my annual message to the Congress for the following year, 1936,<sup>2</sup> I called attention to the "growing ill will . . . marked trends toward aggression . . . increasing armaments . . . shortening tempers—a situation which has in it many of the elements that lead to the tragedy of general war." I pointed out also that some nations "seeking expansion, seeking the rectification of injustices springing from former wars, or seeking outlets for trade, for population" instead of peaceful negotiations to attain legitimate objectives, had "impatiently reverted to the old belief in the law of the sword, or to the fantastic conception that they, and they alone are chosen to fulfill a mission, and that all the others among the billion and a half of human beings in the world must and shall learn from and be subject to them."

The peace of the world was being jeopardized by a handful of relentless men who sought selfish power for themselves. American efforts to limit world armaments, to bring about peaceful settlement of disputes among nations, and to exert the moral influence of the United States against autocracy, intolerance, and repression, in favor of the freedoms of the average citizen—these efforts were quite apparently not going to prevail in the world.

Although this conclusion was becoming almost irresistible, our government continued steadfastly to seek to assist in inter-

<sup>1</sup> See Item 1, 1935 volume.

<sup>2</sup> See Item 1, 1936 volume.

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national movements to prevent war, and our work in this direction continued until the very time when the armed catastrophe broke upon the world.

In October, 1937, I suggested, in a speech at Chicago,<sup>1</sup> that something be done about the then existing "reign of terror" and "international lawlessness" which had begun a few years before. I pointed out that the recent systematic violation of treaties, the indiscriminate bombing of civilians, the waging of undeclared warfare, were wiping away the very landmarks of law, order, and justice which had characterized our civilization. I warned that "if those things come to pass in other parts of the world, let no one imagine that America will escape, that America may expect mercy, that this Western Hemisphere will not be attacked." I called upon the peace-loving nations to "make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality." For the acts abroad were not only violations of specific provisions of treaties and international law. They involved the whole question of world security, world humanity—the whole question of world war and world peace. To meet that "epidemic of world lawlessness" I proposed that the community of nations throughout the world act the same as communities do when "an epidemic of physical disease starts to spread," namely, join in a quarantine "in order to protect the health of the community against the spread of the disease."

Unfortunately, this suggestion fell upon deaf ears—even hostile and resentful ears. The pronouncement became the subject of bitter attack at home and abroad. It was hailed as war mongering; it was condemned as attempted intervention in foreign affairs; it was even ridiculed as a nervous search "under the bed" for dangers of war which did not exist.

In spite of these attacks, however—including some bitter personal abuse—the government of the United States continued

<sup>1</sup> See Item 128, 1937 volume.

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to call attention to the approaching danger, and to do what it could by example, by trade treaties, and by informal as well as formal discussions with representatives of foreign nations, to ward off this growing threat to civilization. At the same time, however, the United States proceeded realistically and cautiously to embark on a program of increasing its own national defense. For it was becoming clear that the United States would itself have to rearm against this increasing threat of aggression.<sup>1</sup>

In my annual message of 1938 to the Congress, I again warned of the menace of general war in Europe.<sup>2</sup>

During 1938 there came the Czechoslovakian crisis. On September 26 and September 27, 1938, I sent messages to Hitler and to the heads of the Czechoslovakian, British, and French governments, seeking a peaceful solution of that threat of war.<sup>3</sup> The crisis was averted—not by the round-table discussion I suggested, but by a yielding to threats and superior armaments. That is why I stated at the time, “it was [is] becoming increasingly clear that peace by fear had [has] no higher or more enduring quality than peace by the sword.”<sup>4</sup>

Three months later, at Lima, Peru, the twenty-one American republics, including our own, agreed to stand together to defend the independence of each one of us in the western hemisphere.<sup>5</sup> That declaration at Lima was a further step toward continued peace and common defense in this hemisphere, but it did not have any effect on matters in Europe. In 1939 international affairs in Europe grew steadily worse.

In my annual message to the Congress on January 4, 1939,<sup>6</sup> I pointed out that all about us undeclared wars were raging, deadly armaments were growing, and new aggression was being threatened. Although we in the United States wanted peace, it was obvious that “no nation can be safe in its will to peace so long

<sup>1</sup> On the subject of national defense, see Introduction to the 1940 volume; and other references noted in Topical Table, 1937 volume.

<sup>2</sup> See Item 1, 1938 volume.

<sup>3</sup> See Items 120 and 121, 1938 volume.

<sup>4</sup> See Item 133, 1938 volume.

<sup>5</sup> See Item 56, this volume.

<sup>6</sup> See Item 1, this volume.

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as any other powerful nation refuses to settle its grievances at the council table." I therefore urged again upon the Congress the necessity of increased national defense to protect ourselves against attack.

During 1939, on April 14, on behalf of the American people, I again sent messages to Hitler and Mussolini, suggesting another approach to the solution of the problem of avoiding war and preserving the peace of the world.<sup>1</sup> By this time three nations in Europe, and one in Africa, had already had their independent existence terminated by aggression from more powerful neighbors. Besides, vast territory in China had been occupied by aggression from a neighboring state. Further acts of aggression were obviously being contemplated against other independent nations. My suggestion was that the many existing international problems all be submitted at the council table for solution. As the head of a nation far removed from Europe, I offered to serve as a "friendly intermediary." I asked for assurances from Hitler and Mussolini, however, that their armed forces would not attack or invade any of the independent nations of Europe or the Near East for a period of ten years. I stated that I was reasonably sure that if such assurances were given, each of the other nations would give similar reciprocal assurances. I suggested that a peaceful discussion follow this exchange of guarantees, in which the government of the United States would be willing to take part—with two essential objectives in mind: first, reduction of armaments; second, opening up avenues of international trade. At the same time all governments—other than the United States—directly interested in territorial and political problems, could undertake to discuss those problems in this peaceful atmosphere.

In other words, to use a colloquial expression, what I was suggesting was a peace conference with everybody's guns "parked outside."

I received no direct answer to this suggestion for world peace from either Hitler or Mussolini.

A few days before, on leaving Warm Springs, Georgia, after

<sup>1</sup> See Items 57 and 59, this volume.

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a short vacation, I said: "I have had a fine holiday here with you all. I'll be back in the fall if we do not have a war."<sup>1</sup> This remark by me was again attacked by many newspapers and politicians as war mongering and unjustifiable apprehension. But it had become clear beyond question, that war was on the way.

I mention this refusal on the part of many people, many newspapers, and many public officials, to believe that war was coming, and their ridicule of these warnings of war sounded by me, not in order to vindicate the position of the President and the State Department of the United States, based on the official information which they had received. On the contrary, I repeat these facts rather to explain the refusal of the Congress to adopt certain legislation, which this administration urged in 1939, to discourage and perhaps prevent the outbreak of the war or to place the United States in a more advantageous position if war should come that year. I refer to legislation repealing the embargo provisions of our so-called "neutrality" law.

I recommended the repeal of these arms embargo provisions in a special message to the Congress dated July 14, 1939.<sup>2</sup> This recommendation was one of the last formal efforts made by the administration to prevent the war in Europe—which came only a month and a half later. I cannot say that the repeal of these arms embargo provisions would by itself have stopped the war. I do believe, however, that, at least, it would have been a strong factor in preventing the outbreak from occurring as quickly as it did. The refusal on the part of the Congress to repeal the arms embargo was based in part upon the belief by practically all of the Republican membership in the Congress and about 25 per cent of the Democratic membership that there would be no war in 1939. That is the reason why I mention the fact that the repeated warnings of war during 1938 and early 1939 went unheeded.

To discuss this question of repeal of the arms embargo legislation it is necessary to go back to 1935, when it was first adopted.

<sup>1</sup> See Item 54, this volume.

<sup>2</sup> See Item 93, this volume.

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It was embodied in Senate Joint Resolution No. 173 (49 Stat. 1081), which was approved by me on August 31, 1935.<sup>1</sup> It provided that upon proclamation by the President that a state of war existed between two or more foreign countries, it should thereafter be unlawful for Americans to sell arms, munitions, and implements of war to any of the belligerent countries. The Resolution provided also that it should thereafter be unlawful for American vessels to carry arms to belligerents; and that, if the President so proclaimed, American citizens could travel on the vessels of belligerent nations only at their own risk. It set up a system of national supervision and control of the manufacture and traffic in arms and munitions, in the form of an Office of Arms and Munitions Control in the State Department. It was later amended so as to prohibit, with certain exceptions, loans and credits to belligerent governments.<sup>2</sup>

Although I approved this legislation when it was passed originally and when it was extended from time to time, I have regretted my action. I have particularly in mind that portion of the resolution which deals with the embargo on the export of arms and munitions and implements of war to belligerent nations. When I signed it on August 31, 1935, I pointed out that this portion of it would require further and more complete consideration; particularly since situations might arise requiring more flexibility of action than it would permit, and that its inflexible provisions might conceivably "drag us into war instead of keeping us out."

As time went on, and as the provisions of the Act were studied further in connection with the Italian invasion of Ethiopia, the civil strife in Spain, and the Japanese aggression in China, and as the possibilities of a European conflict developed into probabilities, the executive branch of our government became convinced that the arms embargo did not promote the cause of world peace, that it would not serve to guarantee the neutrality of the United States, and that it could be made to encourage the very

<sup>1</sup> See Item 117, 1935 volume.

<sup>2</sup> See also Item 130 and note, this volume.

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intentions and objectives of the dictators and the aggressor nations. I had indicated my growing belief in these conclusions from time to time, as had the State Department.<sup>1</sup>

The arms embargo was at complete variance with the old principles of international law governing the rights and conduct of neutrals in times of war. Under international law, neutrals had always been permitted to trade with belligerents, and belligerents with neutrals. The arms embargo arbitrarily prevented any such trade in any event; and its operation could easily result in a lack of neutrality. For instance, two belligerents, by reason of their relative geographic location, or their relative superiority on land or sea, or through other circumstances, might have certain relative positions of strength with respect to each other. By applying an arms embargo on both, the United States might very well create an overwhelming advantage for one rather than for the other. To take an example, if Great Britain has the superior sea power which enables it to carry war supplies to a greater extent than Germany, and if that sea power has been built up over the years with that end in view, the application of an arms embargo might destroy a major part of that relative advantage by refusing to sell Great Britain the necessary war supplies to be carried. In other words, far from being neutral, the practical operation of the statute would bring about a decided lack of neutrality by taking away from Great Britain the one great advantage which it had built up for itself to offset other advantages which the land and air power of Germany had created against Great Britain.

We had come to the conclusion also that the arms embargo provision would not be instrumental in keeping us out of war. In fact, the arms embargo did permit us to sell all kinds of raw materials which went into the manufacture of ammunition—such as cotton for explosives, and steel and copper for cannon and for shells, and gasoline for airplanes—although we could not sell the explosives or cannon or shells or airplanes themselves. As further examples, we could sell aluminum, but not the air-

<sup>1</sup> See, for example, Item 40, this volume, at page 155.

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plane wings made out of aluminum; we could sell brass tubing in pipe form, but not in shell form; we could sell motor trucks, but no armored motor trucks. Therefore, if selling raw materials were not going to get us into war, certainly selling the manufactured products would not get us into war.

Above all, our arms embargo played right into the hands of the aggressor nations. The aggressor nations knew that under our arms embargo the peace-loving nations of the world, which had not piled up as much armament as the aggressors had, were prevented from buying any war materials from us. The aggressors knew that as soon as they would declare war upon their victims, their victims would be shut off from obtaining implements of war from neutral nations. Of course, the aggressors had spent many years and a large portion of their wealth in piling up armaments, and did not have to buy materials outside. The victims of their aggression, however, who had not built up armament to the same extent, would have to look to neutral nations to sell the implements of war to them. It was clear, therefore, that so long as our arms embargo statute prevented the United States from helping all belligerents, the aggressor nations were given a tremendous advantage by it, and to that extent, were actually encouraged by our laws, to make war upon their neighbors.

Germany and Italy, both of which had spent so many years, and had sacrificed so much food and leisure and decent living and so many individual liberties to the task of building up vast stores of tanks and guns and planes, counted very heavily upon the fact that under our arms embargo law we could not sell a single plane or tank or gun to Great Britain or France once war was declared.

That is why I was so anxious in July, 1939, for the Congress to repeal the arms embargo provisions of the neutrality law. For such a repeal would, in effect, say to the aggressor nations that if they did declare war they would find that their enemies would be able to obtain the needed war supplies here in America. I knew that the sale of arms by the United States could and

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would help the weaker nations resist attack from those nations which had built up these vast offensive striking forces.

Accordingly, on July 14, 1939, I recommended to the Congress that it repeal the arms embargo.<sup>1</sup>

At the same time that I recommended the repeal of the arms embargo, the administration was endeavoring to have other amendments to the neutrality legislation passed which would go far to avert the occurrence of incidents likely to lead to war. For example, our proposals were that, if the arms embargo provision should be repealed, a statute should be enacted to provide: that title to any materials sold by us to belligerents should pass on delivery of the merchandise on this side of the ocean; that no American ships should be permitted to enter the danger zone; that the travel of American citizens in combat areas should be restricted; that the solicitation and collection in this country of funds for belligerents should be regulated; that existing prohibitions on credits to belligerent nations should be continued; and that the licensing system under the National Munitions Control Board should be continued.

The incidents likely to lead to war would not generally come from the sale of war supplies in this country, but would be the loss of American ships or American lives or American property while they were in neutral or combat areas of war. That is why the purpose of our proposals in 1939 was to make it impossible, or at least less likely, that American lives or property be lost. As long as title to the merchandise passed before it started across the ocean, and as long as American citizens and property were kept out of danger zones, and as long as loans of money to belligerents were prevented, the danger of being drawn into war was diminished. That was the attitude of the administration in 1939; and that was the attitude of the majority of the American people in 1939. Of course many things have happened in the two years which have elapsed since those days—and the American people's attitude toward strict neutrality has also greatly changed.

Congress was ready to adjourn in July, 1939, without passing

<sup>1</sup> See message to the Congress, Item 93, this volume.

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the repeal of the arms embargo. We were convinced that the arms embargo was actually having the effect of hastening the war in Europe by the encouragement which it gave to the aggressor nations. I therefore called a conference at the White House of the Republican and Democratic leaders of the Congress to urge upon them further the necessity of the legislation, and to canvass the situation so as to learn whether such Congressional action were possible. At that conference I pointed out how the arms embargo was encouraging the outbreak of a general war, how it operated in favor of the aggressor nations of Germany and Italy, and how thoroughly it weakened the position and prestige of the United States as a motivating factor for peace. For we were hardly in a position to urge the aggressor nations to desist from attack, if we could not, under any circumstances, supply armaments to the threatened democracies of Europe.

It appeared clear at this conference, however, and was so stated by the Congressional leaders, that practically all of the Republican members of the Congress would vote against repeal, and that about twenty-five percent of the Democratic members would. This opposition was based upon the belief that there would be no war in Europe before the following January, when the Congress would again assemble in regular session, and that, therefore, there was no need for immediate legislation. It was at this conference that Senator Borah of Idaho made the now famous statement, that his own "private information" was more reliable than that collected by the State Department of the United States, and that his own "private information" was to the effect that there would not be any war in 1939.<sup>1</sup>

Of course, it was useless to insist upon the legislation under those circumstances. It should be borne in mind, however, that the responsibility for this action properly lies with those who refused to repeal the arms embargo in July of 1939. I made it clear to them at the conference that the opponents would have to take the sole responsibility for the results of their opposition.

<sup>1</sup> See Item 94 and Item 96 (page 391), this volume.

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The Congress adjourned without acting on the arms embargo. I am convinced that this fact had much to do with the coming of war when it did—less than two months later.

As our information indicated that the prospects of war were becoming more imminent, on August 24, 1939, I sent another message to the European powers in the interest of peace—this time to Hitler, King Victor Emmanuel of Italy, and President Moszicki of Poland.<sup>1</sup> On the following day I sent a second letter to Hitler.<sup>2</sup> These were, of course, all unavailing; and war was begun on September first.

In order again to try to repeal the unneutral arms embargo provisions of the “neutrality” law, I called the Congress into extraordinary session. On September 21, 1939, I sent a message to the extraordinary session recommending again the repeal of this legislation.<sup>3</sup> In this message I detailed again the efforts which the United States had made to avoid war in the world, and the efforts which it intended to make in the future to avoid being drawn into the conflict. I expressed regret that I had ever signed the arms embargo legislation. I referred to my attempts to have it repealed a month and a half before, convinced that it had operated against peace and against real neutrality, and in favor of aggression by the dictators. I recommended that, as steps towards real neutrality and towards prevention of American participation in the war, legislation should be adopted carrying out the “cash-and-carry” principle, that is, providing that title to the merchandise should pass on delivery on this side of the ocean, that it should be paid for in cash by the belligerent purchasing it, and that it should be carried away in the ships of the belligerent at its own risk. I also recommended legislation restricting the entry of American merchant vessels into war zones, preventing American citizens from travelling on belligerent vessels or in danger areas, forbidding war credits to belligerent nations, regulating the collection of funds in this country for belligerents,

<sup>1</sup> See Item 111, this volume.

<sup>2</sup> See Item 112, this volume.

<sup>3</sup> See Item 130, this volume.

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and continuing the license system governing imports and exports of arms and ammunition.

This time, after a protracted debate, the recommendations were adopted, and a new neutrality law was passed on November 3, 1939—a month and a half after my appeal.

The adoption of these recommendations offered greater safeguards than we had before to protect American lives and property from destruction and in that way tended to avoid the incidents and controversies likely to draw us into the conflict, as they had done in the last World War.

Pursuant to the new law, we were able to sell implements of war to the democracies of the world resisting aggressors, all during the year 1940, up to the time when the Lend-Lease Act of 1941 became effective and changed the method of transferring such war materials.<sup>1</sup>

On the following day, November 4, I issued proclamations of neutrality under the new Neutrality Act of 1939, requiring compliance with its provisions which had to do with American vessels and American citizens travelling in danger zones, with the extension of war credits, the definition of combat areas, the collection of funds, etc.<sup>2</sup>

This so-called “neutrality” legislation should not be confused with the general principles of neutrality under well-established international law. For example, on September 5, 1939, which was a few days after the war was declared, I issued a general proclamation of neutrality under international law.<sup>3</sup> This proclamation was directed toward enforcing the rights and limiting the conduct of the nationals of a country which is neutral in war; that is, which takes no active part on either side in the war, direct or indirect. There is a long list of such rights and limitations included in the proclamation, and they are all a part of well-established international law.

There can be no question that the people of the United States

<sup>1</sup> See note to Item 152, 1940 volume.

<sup>2</sup> See Items 148, 149 and 150, this volume.

<sup>3</sup> See Item 119, this volume.

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in 1939 were determined to remain neutral in fact and in deed, although they had very definite convictions as to where the guilt and responsibility for the war lay. I believe that the American people, however, during 1939 and 1940 became increasingly aware of the fact that although they did not want to become a part of the war, the war was, nevertheless, very strictly and emphatically becoming more and more a part of their business and concern. They became gradually conscious that the war, as it developed in its true colors, was not merely a European conflict which meant nothing to them. The acts of the Nazis in attacking and invading neutral countries, their violation of all principles of international law, the subjection of occupied countries to the persecution and brutality of their secret police, their ruthless domination of small and defenseless nations—all showed clearly that the Nazis had embarked on a definite program of world domination which was an immediate and serious threat to the United States and to the western hemisphere. This domination, it became clear, was not to be merely a domination of military might but a domination of ideas, in which the whole world was to be bent to the Nazi philosophy of force, of slavery, of anti-religion.

The American people have gradually come to the realization that this is not exclusively other peoples' war, but that it is approaching dangerously close to their own shores. The modern type of lightning attack on land and in the air has brought the area of conflict physically so close to us, that we now realize that we are the subject of potential armed attack as soon as the Axis powers come within striking distance. In other words, it is now clearly seen that it is no longer safe to wait until the enemy planes are overhead to start physically repelling the attack upon us. The attack has really been made as soon as any base is occupied from which the swift bombers can be let loose upon us. It is with that realization and with full appreciation of the true nature of the Nazi design upon the world, that the feeling of strict neutrality and aloofness which influenced the American people in September of 1939 and during the beginning of 1940

### *Introduction*

has completely disappeared as of July of 1941, as this is being written.

International events have happened so quickly within the last year, within the last few months, within the last few days, that it is impossible to tell exactly what the relationship of the United States and its people to this world conflict will be next week, or tomorrow, or, indeed, even before the ink on this page will have dried.

With clear realization, however, of the grave danger to the United States, to the western hemisphere, and to civilization itself, our people have resolutely determined to arm themselves to the teeth, and, at the same time, to help to the limit those nations which are still resisting the aggressors and which still stand between us and a Nazi attack. To that end, the people of the United States, clearly thinking their way through, have dedicated themselves—with all their resources, their industry, and their man-power.

A large, elegant handwritten signature in cursive script, reading "Franklin D. Roosevelt". The signature is written in dark ink and spans across the width of the page.

*White House,  
Washington, D. C.,  
July 10, 1941*

# 1 ¶ Annual Message to the Congress.

January 4, 1939

*Mr. Vice President, Mr. Speaker, Members of the Senate and the Congress:*

**I**N REPORTING on the state of the nation, I have felt it necessary on previous occasions to advise the Congress of disturbance abroad and of the need of putting our own house in order in the face of storm signals from across the seas. As this Seventy-sixth Congress opens there is need for further warning.

A war which threatened to envelop the world in flames has been averted; but it has become increasingly clear that world peace is not assured.

All about us rage undeclared wars—military and economic. All about us grow more deadly armaments—military and economic. All about us are threats of new aggression—military and economic.

Storms from abroad directly challenge three institutions indispensable to Americans, now as always. The first is religion. It is the source of the other two—democracy and international good faith.

Religion, by teaching man his relationship to God, gives the individual a sense of his own dignity and teaches him to respect himself by respecting his neighbors.

Democracy, the practice of self-government, is a covenant among free men to respect the rights and liberties of their fellows.

International good faith, a sister of democracy, springs from the will of civilized nations of men to respect the rights and liberties of other nations of men.

In a modern civilization, all three—religion, democracy and international good faith—complement and support each other.

Where freedom of religion has been attacked, the attack has come from sources opposed to democracy. Where democracy has been overthrown, the spirit of free worship has disappeared.

## *I. Annual Message*

And where religion and democracy have vanished, good faith and reason in international affairs have given way to strident ambition and brute force.

An ordering of society which relegates religion, democracy and good faith among nations to the background can find no place within it for the ideals of the Prince of Peace. The United States rejects such an ordering, and retains its ancient faith.

There comes a time in the affairs of men when they must prepare to defend, not their homes alone, but the tenets of faith and humanity on which their churches, their governments and their very civilization are founded. The defense of religion, of democracy and of good faith among nations is all the same fight. To save one we must now make up our minds to save all.

We know what might happen to us if the United States if the new philosophies of force were to encompass the other continents and invade our own. We, no more than other nations, can afford to be surrounded by the enemies of our faith and our humanity. Fortunate it is, therefore, that in this Western Hemisphere we have, under a common ideal of democratic government, a rich diversity of resources and of peoples functioning together in mutual respect and peace.

That Hemisphere, that peace, and that ideal we propose to do our share in protecting against storms from any quarter. Our people and our resources are pledged to secure that protection. From that determination no American flinches.

This by no means implies that the American Republics disassociate themselves from the nations of other continents. It does not mean the Americas against the rest of the world. We as one of the Republics reiterate our willingness to help the cause of world peace. We stand on our historic offer to take counsel with all other nations of the world to the end that aggression among them be terminated, that the race of armaments cease and that commerce be renewed.

But the world has grown so small and weapons of attack so swift that no nation can be safe in its will to peace so long as

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any other powerful nation refuses to settle its grievances at the council table.

For if any government bristling with implements of war insists on policies of force, weapons of defense give the only safety.

In our foreign relations we have learned from the past what not to do. From new wars we have learned what we must do.

We have learned that effective timing of defense, and the distant points from which attacks may be launched are completely different from what they were twenty years ago.

We have learned that survival cannot be guaranteed by arming after the attack begins—for there is new range and speed to offense.

We have learned that long before any overt military act, aggression begins with preliminaries of propaganda, subsidized penetration, the loosening of ties of good will, the stirring of prejudice and the incitement to disunion.

We have learned that God-fearing democracies of the world which observe the sanctity of treaties and good faith in their dealings with other nations cannot safely be indifferent to international lawlessness anywhere. They cannot forever let pass, without effective protest, acts of aggression against sister nations—acts which automatically undermine all of us.

Obviously they must proceed along practical, peaceful lines. But the mere fact that we rightly decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all. Words may be futile, but war is not the only means of commanding a decent respect for the opinions of mankind. There are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor governments the aggregate sentiments of our own people.

At the very least, we can and should avoid any action, or any lack of action, which will encourage, assist or build up an aggressor. We have learned that when we deliberately try to legislate neutrality, our neutrality laws may operate unevenly and

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unfairly—may actually give aid to an aggressor and deny it to the victim. The instinct of self-preservation should warn us that we ought not to let that happen any more.

And we have learned something else—the old, old lesson that probability of attack is mightily decreased by the assurance of an ever ready defense. Since 1931, nearly eight years ago, world events of thunderous import have moved with lightning speed. During these eight years many of our people clung to the hope that the innate decency of mankind would protect the unprepared who showed their innate trust in mankind. Today we are all wiser—and sadder.

Under modern conditions what we mean by “adequate defense”—a policy subscribed to by all of us—must be divided into three elements. First, we must have armed forces and defenses strong enough to ward off sudden attack against strategic positions and key facilities essential to ensure sustained resistance and ultimate victory. Secondly, we must have the organization and location of those key facilities so that they may be immediately utilized and rapidly expanded to meet all needs without danger of serious interruption by enemy attack.

In the course of a few days I shall send you a special message making recommendations for those two essentials of defense against danger which we cannot safely assume will not come.

If these first two essentials are reasonably provided for, we must be able confidently to invoke the third element, the underlying strength of citizenship—the self-confidence, the ability, the imagination and the devotion that give the staying power to see things through.

A strong and united nation may be destroyed if it is unprepared against sudden attack. But even a nation well armed and well organized from a strictly military standpoint may, after a period of time, meet defeat if it is unnerved by self-distrust, endangered by class prejudice, by dissension between capital and labor, by false economy and by other unsolved social problems at home.

In meeting the troubles of the world we must meet them as

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one people—with a unity born of the fact that for generations those who have come to our shores, representing many kindreds and tongues, have been welded by common opportunity into a united patriotism. If another form of government can present a united front in its attack on a democracy, the attack must and will be met by a united democracy. Such a democracy can and must exist in the United States.

A dictatorship may command the full strength of a regimented nation. But the united strength of a democratic nation can be mustered only when its people, educated by modern standards to know what is going on and where they are going, have conviction that they are receiving as large a share of opportunity for development, as large a share of material success and of human dignity, as they have a right to receive.

Our nation's program of social and economic reform is therefore a part of defense, as basic as armaments themselves.

Against the background of events in Europe, in Africa and in Asia during these recent years, the pattern of what we have accomplished since 1933 appears in even clearer focus.

For the first time we have moved upon deep-seated problems affecting our national strength and have forged national instruments adequate to meet them.

Consider what the seemingly piecemeal struggles of these six years add up to in terms of realistic national preparedness.

We are conserving and developing natural resources—land, water power, forests.

We are trying to provide necessary food, shelter and medical care for the health of our population.

We are putting agriculture—our system of food and fibre supply—on a sounder basis.

We are strengthening the weakest spot in our system of industrial supply—its long smouldering labor difficulties.

We have cleaned up our credit system so that depositor and investor alike may more readily and willingly make their capital available for peace or war.

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We are giving to our youth new opportunities for work and education.

We have sustained the morale of all the population by the dignified recognition of our obligations to the aged, the helpless and the needy.

Above all, we have made the American people conscious of their interrelationship and their interdependence. They sense a common destiny and a common need of each other. Differences of occupation, geography, race and religion no longer obscure the nation's fundamental unity in thought and in action.

We have our difficulties, true—but we are a wiser and a tougher nation than we were in 1929, or in 1932.

Never have there been six years of such far-flung internal preparedness in our history. And this has been done without any dictator's power to command, without conscription of labor or confiscation of capital, without concentration camps and without a scratch on freedom of speech, freedom of the press or the rest of the Bill of Rights.

We see things now that we could not see along the way. The tools of government which we had in 1933 are outmoded. We have had to forge new tools for a new role of government operating in a democracy—a role of new responsibility for new needs and increased responsibility for old needs, long neglected.

Some of these tools had to be roughly shaped and still need some machining down. Many of those who fought bitterly against the forging of these new tools welcome their use today. The American people, as a whole, have accepted them. The Nation looks to the Congress to improve the new machinery which we have permanently installed, provided that in the process the social usefulness of the machinery is not destroyed or impaired.

All of us agree that we should simplify and improve laws if experience and operation clearly demonstrate the need. For instance, all of us want better provision for our older people under our social security legislation. For the medically needy we must provide better care.

Most of us agree that for the sake of employer and employee

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alike we must find ways to end factional labor strife and employer-employee disputes.

Most of us recognize that none of these tools can be put to maximum effectiveness unless the executive processes of government are revamped—reorganized, if you will—into more effective combination. And even after such reorganization it will take time to develop administrative personnel and experience in order to use our new tools with a minimum of mistakes. The Congress, of course, needs no further information on this.

With this exception of legislation to provide greater government efficiency, and with the exception of legislation to ameliorate our railroad and other transportation problems, the past three Congresses have met in part or in whole the pressing needs of the new order of things.

We have now passed the period of internal conflict in the launching of our program of social reform. Our full energies may now be released to invigorate the processes of recovery in order to preserve our reforms, and to give every man and woman who wants to work a real job at a living wage.

But time is of paramount importance. The deadline of danger from within and from without is not within our control. The hour-glass may be in the hands of other nations. Our own hour-glass tells us that we are off on a race to make democracy work, so that we may be efficient in peace and therefore secure in national defense.

This time element forces us to still greater efforts to attain the full employment of our labor and our capital.

The first duty of our statesmanship is to bring capital and man-power together.

Dictatorships do this by main force. By using main force they apparently succeed at it—for the moment. However we abhor their methods, we are compelled to admit that they have obtained substantial utilization of all their material and human resources. Like it or not, they have solved, for a time at least, the problem of idle men and idle capital. Can we compete with them by boldly seeking methods of putting idle men and idle

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capital together and, at the same time, remain within our American way of life, within the Bill of Rights, and within the bounds of what is, from our point of view, civilization itself?

We suffer from a great unemployment of capital. Many people have the idea that as a nation we are overburdened with debt and are spending more than we can afford. That is not so. Despite our Federal Government expenditures the entire debt of our national economic system, public and private together, is no larger today than it was in 1929, and the interest thereon is far less than it was in 1929.

The object is to put capital—private as well as public—to work.

We want to get enough capital and labor at work to give us a total turnover of business, a total national income, of at least eighty billion dollars a year. At that figure we shall have a substantial reduction of unemployment; and the Federal Revenues will be sufficient to balance the current level of cash expenditures on the basis of the existing tax structure. That figure can be attained, working within the framework of our traditional profit system.

The factors in attaining and maintaining that amount of national income are many and complicated.

They include more widespread understanding among business men of many changes which world conditions and technological improvements have brought to our economy over the last twenty years—changes in the interrelationship of price and volume and employment, for example—changes of the kind in which business men are now educating themselves through excellent opportunities like the so-called “monopoly investigation.”

They include a perfecting of our farm program to protect farmers’ income and consumers’ purchasing power from alternate risks of crop gluts and crop shortages.

They include wholehearted acceptance of new standards of honesty in our financial markets.

They include reconciliation of enormous, antagonistic in-

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terests—some of them long in litigation—in the railroad and general transportation field.

They include the working out of new techniques—private, state and federal—to protect the public interest in and to develop wider markets for electric power.

They include a revamping of the tax relationships between federal, state and local units of government, and consideration of relatively small tax increases to adjust inequalities without interfering with the aggregate income of the American people.

They include the perfecting of labor organization and a universal ungrudging attitude by employers toward the labor movement, until there is a minimum of interruption of production and employment because of disputes, and acceptance by labor of the truth that the welfare of labor itself depends on increased balanced out-put of goods.

To be immediately practical, while proceeding with a steady evolution in the solving of these and like problems, we must wisely use instrumentalities, like Federal investment, which are immediately available to us.

Here, as elsewhere, time is the deciding factor in our choice of remedies.

Therefore, it does not seem logical to me, at the moment we seek to increase production and consumption, for the Federal Government to consider a drastic curtailment of its own investments.

The whole subject of government investing and government income is one which may be approached in two different ways.

The first calls for the elimination of enough activities of government to bring the expenses of government immediately into balance with income of government. This school of thought maintains that because our national income this year is only sixty billion dollars, ours is only a sixty billion dollar country; that government must treat it as such; and that without the help of government, it may some day, somehow, happen to become an eighty billion dollar country.

If the Congress decides to accept this point of view, it will

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logically have to reduce the present functions or activities of government by one-third. Not only will the Congress have to accept the responsibility for such reduction; but the Congress will have to determine which activities are to be reduced.

Certain expenditures we cannot possibly reduce at this session, such as the interest on the public debt. A few million dollars saved here or there in the normal or in curtailed work of the old departments and commissions will make no great saving in the Federal budget. Therefore, the Congress would have to reduce drastically some of certain large items, very large items, such as aids to agriculture and soil conservation, veterans' pensions, flood control, highways, waterways and other public works, grants for social and health security, Civilian Conservation Corps activities, relief for the unemployed, or national defense itself.

The Congress alone has the power to do all this, as it is the appropriating branch of the government.

The other approach to the question of government spending takes the position that this Nation ought not to be and need not be only a sixty billion dollar nation; that at this moment it has the men and the resources sufficient to make it at least an eighty billion dollar nation. This school of thought does not believe that it can become an eighty billion dollar nation in the near future if government cuts its operations by one-third. It is convinced that if we were to try it, we would invite disaster—and that we would not long remain even a sixty billion dollar nation. There are many complicated factors with which we have to deal, but we have learned that it is unsafe to make abrupt reductions at any time in our net expenditure program.

By our common sense action of resuming government activities last spring, we have reversed a recession and started the new rising tide of prosperity and national income which we are now just beginning to enjoy.

If government activities are fully maintained, there is a good prospect of our becoming an eighty billion dollar country in a very short time. With such a national income, present tax laws will yield enough each year to balance each year's expenses.

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It is my conviction that down in their hearts the American public—industry, agriculture, finance—want this Congress to do whatever needs to be done to raise our national income to eighty billion dollars a year.

Investing soundly must preclude spending wastefully. To guard against opportunist appropriations, I have on several occasions addressed the Congress on the importance of permanent long-range planning. I hope, therefore, that following my recommendation of last year, a permanent agency will be set up and authorized to report on the urgency and desirability of the various types of government investment.

Investment for prosperity can be made in a democracy.

I hear some people say, "This is all so complicated. There are certain advantages in a dictatorship. It gets rid of labor trouble, of unemployment, of wasted motion and of having to do your own thinking."

My answer is, "Yes, but it also gets rid of some other things which we Americans intend very definitely to keep—and we still intend to do our own thinking."

It will cost us taxes and the voluntary risk of capital to attain some of the practical advantages which other forms of government have acquired.

Dictatorship, however, involves costs which the American people will never pay: The cost of our spiritual values. The cost of the blessed right of being able to say what we please. The cost of freedom of religion. The cost of seeing our capital confiscated. The cost of being cast into a concentration camp. The cost of being afraid to walk down the street with the wrong neighbor. The cost of having our children brought up, not as free and dignified human beings, but as pawns molded and enslaved by a machine.

If the avoidance of these costs means taxes on my income; if avoiding these costs means taxes on my estate at death, I would bear those taxes willingly as the price of my breathing and my children breathing the free air of a free country, as the price of a living and not a dead world.

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Events abroad have made it increasingly clear to the American people that dangers within are less to be feared than dangers from without. If, therefore, a solution of this problem of idle men and idle capital is the price of preserving our liberty, no formless selfish fears can stand in the way.

Once I prophesied that this generation of Americans had a rendezvous with destiny. That prophecy comes true. To us much is given; more is expected.

This generation will “nobly save or meanly lose the last best hope of earth. . . . The way is plain, peaceful, generous, just — a way which if followed the world will forever applaud and God must forever bless.”

## 2 ¶ The Five Hundred and Fourteenth Press Conference. January 4, 1939

*(Explanation of budget message — National defense — W.P.A. — Ordinary and extraordinary expenditures — R.F.C. — Permanent additions to national wealth — Stabilization fund — Taxation.)*

THE PRESIDENT: Steve [Mr. Early] suggests, because there are quite a number of new faces, we repeat that this is not a Press Conference in any sense of the word. It is merely an effort to be helpful in explaining the Budget Message and a lot of figures for your own help. That follows the custom of other years. Of course, the release of this is not until it is actually delivered to the Congress tomorrow at twelve o'clock.

Q. May I ask a question? There is a certain type of stories which, I understand, has been criticized, coming from this Conference. Would you care to elaborate on that?

THE PRESIDENT: For the benefit of interpreters or columnists, I do not think we want personal stories about wisecracks that are made or about my turning to the Director of the Budget, or the Director of the Budget not knowing the answer to the question. After all, that is between us and I think prob-

## *2. Five Hundred and Fourteenth Press Conference*

ably it is better that the columnists should not use that kind of stuff, if they do not mind.

MR. EARLY: It is just off the record.

THE PRESIDENT: Yes, off the record.

*(Reading)*

### THE BUDGET AND THE NATIONAL INCOME

"Taxation yields almost all of the income of the Government, leaving less than 5 per cent to come from miscellaneous sources. Revenue from taxes depends mainly on two factors: The rate of taxation and the total of the national income. This holds true not only of direct taxes on personal and corporate income but also of what are known as ad valorem taxes or other forms of indirect taxes, for the very good reason that the volume and value of goods produced or articles imported vary with the rise or fall of the Nation's total income.

"We can and do fix the rate of taxation definitely by law. We cannot by a simple legislative act raise the level of national income, but our experience in the last few years has amply demonstrated that through wise fiscal policies and other acts of government we can do much to stimulate it.

"Today the Nation's income is in the neighborhood of 60 billion dollars a year. A few years ago it was much lower. It is our belief that it ought to be much higher.

"In order that you may know the amount of revenue which the Government may expect under the existing tax structure as the national income rises, the following table is submitted. It shows the estimated revenues which may be derived when national income reaches certain levels between 70 billion and 90 billion dollars."

(The President did not read the table but it is reproduced in Item 3, this volume.)

"The table is not intended to indicate the national in-

## *2. Five Hundred and Fourteenth Press Conference*

come for any particular year and, of necessity, the estimates are rough and may vary somewhat either way. Since taxes are paid from one month to fifteen months after income is realized, the achievement of a 90 billion dollar national income in one year will not, for instance, mean tax collections of 10 billion dollars in that same year. This table is an indicator and not a gauge.

"During the past nine fiscal years—a period which has seen the national income drop from a high of 81 billion dollars in the calendar year 1929 to around 40 billion dollars in 1932 and rise again to about 70 billion dollars in 1937—Federal revenues, even though on a higher tax base, have never completely covered expenditures.

"We require continual study of the revenues necessary to carry on the normal functions of the Federal Government and of the role which Federal policy should play in the stabilization of the national economy.

"This study includes a consideration of: (a) The practicability of reclassifying expenditures on a functional basis and the most appropriate methods of financing the different classifications; (b) the problem of human security including relief and its costs; and (c) the correlation between national income on the one hand and Government receipts and expenditures on the other.

"And analysis of receipts and expenditures by major classes over a ten-year period, as set forth in the following table, indicates the nature of the problems to be studied."

Now, this is a new breakdown of all kinds of old figures that they have had in the past. It is an effort to classify, in a somewhat new way which would be much more readily understood by the average man on the street, I think, than the old way.

The receipts are put down as they always have been, practically, but they have been reduced to a smaller number of categories than we had before.

## *2. Five Hundred and Fourteenth Press Conference*

Then, the expenditures have been classified into two kinds, large groups, ordinary expenditures and extraordinary expenditures, which is a rule-of-thumb method of doing it. We could argue among ourselves, and you could write sententious editorials about one item going in one group when it should go in another; but it is an effort to simplify public thought on what types of expenditures they go under.

These first expenditures, in the first group, refer to legislative, judicial and civil establishments, and that includes, at the bottom, independent offices and commissions and supplemental items. You will note that, out of the total budget, they run—in that first group of expenditures—to somewhere around an average of \$700,000,000 to \$800,000,000 in the last few years; in other words, definitely less than \$1,000,000,000. That is what I was referring to this morning in the speech when I said that, obviously, anybody can, by cutting off certain functions, save a percentage on the State Department and the Department of Justice and the Interstate Commerce Commission, et cetera; but the percentage would necessarily be small unless you stopped the activities; and it would be a percentage of a comparatively small sum, in other words, less than \$1,000,000,000.

National defense is an item which, of course, I referred to this morning as a very large item which the Congress can cut if it wishes to and make great savings. This year it is estimated that we shall spend \$1,017,000,000 and next year, \$1,126,000,000. That increase is made up almost entirely by the progress of work on the new battleships.

On veterans' pensions and benefits, it is \$540,000,000 this year and next year, \$539,000,000; in other words, the same figure. It is a very large item of over half a billion, as to which great savings can be made by the Congress, if it so wishes.

The next item is interest on the public debt. Then the next is refunds of receipts, the Agricultural Adjustment program, practically the same but not quite as much this

## *2. Five Hundred and Fourteenth Press Conference*

year as in the year just passed; it will be \$694,000,000 next year. There again, great savings are possible.

On social security, \$833,000,000 this year and \$928,000,000 next year. That is another large item which can be cut by eliminating part or all of the social security system.

On railroad retirement, that is automatically, under the present law, \$112,000,000 and it goes up to \$127,000,000. Of course that may be cut.

Supplemental items have gone down from \$130,000,000 to \$50,000,000.

Well, that gives you a total for the legislative, judicial and civil establishments of \$865,000,000 plus these very large items for national defense, etc., down in that group, and that gives you a total increase in next year's budget over this year's from \$5,251,000,000 to \$5,537,000,000.

Then there is the new item on the next line which you have all been trying to find out about and which everybody gets wrong—the new national defense program, which calls for \$210,000,000 in next year's budget.

*Q.* What do you mean by this year?

THE PRESIDENT: 1940's budget. In other words, what we want very much is to get the appropriation for national defense through at this time, \$210,000,000 this year, well enough before the first of July so that we can get the actual national defense work under contract as quickly as possible after the first day of July. We want to get the thing going and it is estimated we can spend \$210,000,000 during the following year from July 1, 1939, to 1940. The breakdown of that \$210,000,000 you won't get until next Monday, Tuesday or Wednesday, when I send the National Defense Message up.

*Q.* That increase, you consider that a part of the work that was already authorized on battleships?

THE PRESIDENT: Yes.

Then you come down to the next item under extraordinary expenditures—a group of them listed under "Public

## *2. Five Hundred and Fourteenth Press Conference*

works." All of these are of course, susceptible of being cut down. We have already estimated a cut on highways expenditures from \$232,000,000 to \$213,000,000; T.V.A. from \$43,000,000 to \$40,000,000; reclamation from \$93,000,000 to \$68,000,000; rivers and harbors improvement, from \$83,000,000 to \$60,000,000; flood control practically the same, it goes up from \$98,000,000 to \$101,000,000; public buildings from \$60,000,000 to \$62,000,000; grants to public bodies, including administration, drops from \$392,000,000 to \$366,000,000. What is that, Dan [Mr. Daniel Bell, Acting Director of the Budget]?

MR. BELL: That is P.W.A. largely.

Q. That does not include social security?

THE PRESIDENT: No, social security is in the top group.

Q. The other is P.W.A.?

THE PRESIDENT: Yes. The total of that group [public works] drops from \$1,229,000,000 to \$1,044,000,000.

Then unemployment relief, still under the extraordinary expenditures, drops from \$97,000,000 to \$42,000,000 in the direct relief category; work relief, which is W.P.A., etc., drops from \$1,604,000,000 down to \$7,000,000. Of course that is picked up later, that is the last item. The Civilian Conservation Corps, is practically the same; it drops from \$290,000,000 to \$285,000,000. The supplemental items rise from \$750,000,000 to \$1,685,000,000, which, roughly, is the offset against that second item.

Q. Would you care to break that down, W.P.A., N.Y.A. and C.C.C.?

THE PRESIDENT: \$1,500,000,000 for W.P.A.; \$125,000,000 for N.Y.A., and \$60,000,000 for Farm Security. That is over on another table; I could not tell you the number of the page.

Q. Will that indicate a shift from W.P.A. to some other form of relief?

THE PRESIDENT: No.

Q. Why was the change made? We got this all under W.P.A. before?

*2. Five Hundred and Fourteenth Press Conference*

THE PRESIDENT: Yes, they still are.

Q. That is, the supplemental items will be W.P.A.?

THE PRESIDENT: But Farm Security was not.

Q. This supplemental item would include the W.P.A.?

THE PRESIDENT: Oh, yes.

Q. It does not imply the liquidation of W.P.A.?

THE PRESIDENT: No.

Q. Is that for a limited length of time or twelve months?

MR. BELL. We hope it will last the twelve months.

Q. You suggest no limitation on it?

THE PRESIDENT: It is the Annual Budget. You do not suggest any limitation on a regular budget. It is the fiscal year.

Q. Can you break down that \$750,000,000 supplemental item under 1939?

THE PRESIDENT: That is all W.P.A.

Q. That will be for the remaining five months of the year?

MR. BELL: That is right. Farm Security and N.Y.A. got their money for the full year.

THE PRESIDENT: Then you come to a technical thing, loans, subscriptions to stock, et cetera, which goes from \$271,000,000 to \$120,000,000, and that has a supplemental item too. Dan [Mr. Bell], I think you are trying to conceal something. What is it?

MR. BELL: That is Commodity Credit.

THE PRESIDENT: So the total of the extraordinary expenditures drops from \$4,241,000,000 down to \$3,458,000,000.

So that, on your total expenditures, exclusive of debt retirement, you drop from a budget—that is the important item—you drop from \$9,492,000,000 to \$8,995,000,000 for the current fiscal year.

That leaves a net deficit of \$3,326,000,000 as against a deficit in the current year of \$3,972,000,000.

The increase in the gross public debt this year is \$3,967,000,000 and for the following year it will be \$3,326,000,000.

## *2. Five Hundred and Fourteenth Press Conference*

Dan, why is there a discrepancy between \$3,972,000,000 and \$3,967,000,000?

MR. BELL: That is adjustment of some items in the general funds, such as the retirement of National Bank notes.

THE PRESIDENT: That leaves a gross public debt at the end of each fiscal year of \$44,458,000,000 for next year as against \$41,132,000,000 this year.

Now, that table is a new breakdown on a simplified basis. The real table is on page —

Q. [interposing] Mr. President, could I go back to your gross public debt?

THE PRESIDENT: Yes, if you will wait one-half a second. The General Budget Summary you will find on page XXI, and that is the way it has been stated before, year after year, or you can use either one.

Q. How recent is this estimate of 1939 deficit? When were those figures — is that late?

THE PRESIDENT: Within two weeks.

MR. BELL: That is the one here [indicating]. Yes, within the last ten days.

Q. Mr. President, getting back to the W.P.A. or P.W.A., two items there, "Grants to public bodies, including administration" and "Other," those two items should be combined? Does that "Other" mean Federal allocations by the P.W.A.?

MR. BELL: Yes, to the various items. P.W.A. allocations to the departments and agencies of the Government.

Q. The two items are P.W.A., Federal and non-Federal?

THE PRESIDENT: Yes.

Q. In which item do the grants under social security, old age, et cetera, appear?

MR. BELL: Social security is up under the second block.

Q. This \$750,000,000 for 1939, that means that some time in the near future you will ask Congress for a supplemental appropriation of \$750,000,000?

THE PRESIDENT: It is really more than that. This is the cash expenditure during the balance of this fiscal year.

## *2. Five Hundred and Fourteenth Press Conference*

Q. So that it will be more than that?

THE PRESIDENT: Yes. We shall ask for an additional amount between—that is necessary for obligations before the first of July, and this represents only expenditures up to the first of July. I cannot give you the actual amount but it is a little more than this.

Q. \$850,000,000?

THE PRESIDENT: I cannot give you the figure because you have to wait until we send it in to Congress.

Q. Any part of the new national defense program coming out of the W.P.A. or N.Y.A. listed under the \$210,000,000?

THE PRESIDENT: No, do not mix them up.

Q. You list this \$210,000,000 for national defense as part of a \$500,000,000 program, the balance to be, in a sense an authorization?

THE PRESIDENT: Not necessarily. In other words, that is a thing, of course, for Congress to determine entirely. We have been in the habit of building the Army and Navy up two different ways. Well, take one illustration: There is the Vinson Bill which has set a naval building program for I do not know how many years ahead. Now, that is an authorization, and Congress is very apt to do it that way because it makes it easier for a succeeding Congress to follow along on the program—not that they always do. The other method is both to authorize and appropriate for the amount of money that can be spent in a year, provided that they are items which can be completed in a year.

Now, on this particular \$210,000,000, it is part of a program which would take another two hundred and some odd million dollars to complete in another year or a third year, but we estimate that these expenditures—well, I will give you a simple illustration: Airplanes; we hope that for all the money we spend for airplanes out of this \$210,000,000, the planes will be delivered, actually delivered and paid for, by the thirtieth of June, 1940. Now, that does not mean that at this session of the Congress we have to authorize 50,000

## *2. Five Hundred and Fourteenth Press Conference*

planes or 20,000 planes. If they want—it is in their discretion—they can perfectly well appropriate this \$210,000,000. Perhaps on some of the items they will have to authorize the money on contracts for items that cannot be finished in the course of the following fiscal year.

I see no reason at this time—this is off the record, merely for your information—I see no reason why, since things are moving awfully fast in the world, we should lay down an enormous five-year or ten-year program for national defense. I think we ought to do as much as we feel we ought to do in the immediate future, and then wait until next year and see what we have to do then. We are always hopeful that something will come out of the foreign situation that will allow us to cut down and stop going ahead with this vast program. So all of this talk about a huge five- and ten-year program is a “lot of bunk.”

Q. I notice that you listed appropriations rather than expenditures of \$500,000,000. Would you like for that to be appropriated by this Congress, or just \$210,000,000?

THE PRESIDENT: That is what we asked for. We asked for appropriations but only \$210,000,000 would be spent this year.

Q. In order to give us a clearer picture of just how much new equipment would be involved in this new national defense, could you or Mr. Bell give us an approximate breakdown of the \$1,126,000,000 as to what proportion of that is for maintenance and salaries and present equipment and what proportion is for increase in expansion and new equipment?

THE PRESIDENT: I think those are all for things which carry along with the current program. There are a few items in there that are new in one sense but in accordance with previous authorizations for general objectives. For example, there are some Navy ships going into commission next year, and therefore we are asking for an increase in the Navy personnel of what?—6,000 men?

MR. BELL: Something like that.

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THE PRESIDENT: Something like that to man the new ships. Now that is under the regular \$1,126,000,000 item.

Q. Does the Army go up in proportion?

THE PRESIDENT: I think not.

MR. BELL: 165,000 men.

Q. That is the force under the program to be submitted later. That is what you will give the details on next week?

THE PRESIDENT: Yes.

Q. Do I say that only \$210,000,000 will be spent?

THE PRESIDENT: Yes.

Q. That is out of the \$500,000,000?

THE PRESIDENT: Yes, because some things you cannot pay for in one year. You do not get them delivered and you do not make the payments until you get them delivered.

Q. Is that on warships?

THE PRESIDENT: All kinds of things. . . .

Q. 6,000 men will be added during the fiscal year on the Navy?

THE PRESIDENT: Yes, but you had better get that from the—

Q. Isn't that contained in there?

THE PRESIDENT: It is in the book. I cannot tell you the page. The number of men—this is the Navy at the end of 1938, that is last June, was 105,000; at the end of this year it will be 110,000 and we are asking at the end of 1940, for 116,000. That is 6,000 more. That is because of the new ships going into commission.

Q. Agg (referring to the page number of the Budget Report) is the Navy. That is 116,000 from 110,000?

THE PRESIDENT: Yes.

Q. It is not clear to me, this distinction between \$7,000,000 for work relief (1940) and then \$1,685,000,000 (for supplemental items)?

THE PRESIDENT: It is just stuck under a different heading.

Q. That is what I did not understand, why there are two different headings. What is the difference?

## *2. Five Hundred and Fourteenth Press Conference*

THE PRESIDENT: [interposing] The \$7,000,000 is a leftover from this fiscal year.

MR. BELL: It just came out that way.

THE PRESIDENT: I take it it is a reappropriation of money.

MR. BELL: It is a liquidation in 1940 of obligations incurred in 1939. These statements are on a cash basis and this is the cash going out of the Treasury.

Q. What is included under direct relief?

MR. BELL: That represents the old Federal Emergency Relief Administration. That is the liquidation of the Farm Security direct relief in the farm areas.

THE PRESIDENT: Food and clothing.

MR. BELL: That is right.

Q. That is on page A100—

THE PRESIDENT: [interposing] Wait, you are going awfully fast.

Q. Under the Navy appropriation you have got the Bureau of Aeronautics, which I assume is the Air Corps, increase from \$48,000,000 for 1939 to \$74,000,000 in 1940, an increase of about \$25,000,000. Now, that is not going to be the sole increase?

THE PRESIDENT: No, this covers the existing program.

Q. And there may be a supplemental program and that also holds good for the decrease which is noted for the Army and the Air Corps?

MR. BELL: That is right. The Army program in this Budget applies to the Army program that was outlined.

Q. "Grants to public bodies, including administration," and also "Other." Does that mean that next year more cities can come down and get more money?

THE PRESIDENT: No; there is no further P.W.A. program listed in this budget.

MR. BELL: It is the liquidation of the old.

THE PRESIDENT: It is the liquidation of the old. . . .

Q. But no further P.W.A. program contemplated?

THE PRESIDENT: No.

## *2. Five Hundred and Fourteenth Press Conference*

Q. This is a reappropriation of 1940 and there will be a reappropriation in 1941?

THE PRESIDENT: It is not even that. This is on a cash basis. There does not have to be a reappropriation. This is a cash basis. We are only spending so much this year and so much the following year, and there will be a hangover the next fiscal year.

Q. Are P.W.A. grants included?

MR. BELL: No, there is a loan figure. It is hard to put them together. . . .

THE PRESIDENT: Then, we have an analysis on page VIII of these two groups.

(The President then read that part of Item 3, this volume, under the headings of "Ordinary Expenditures" and "Extraordinary Expenditures.")

In other words, I want the Government to do what a bank does. If a bank wants to finance some project which will pay for itself, what does it do? It lends on a first mortgage on fifty per cent of that project because there is absolutely no human probability, thinking in terms of a careful, conservative banker, that he will lose the fifty per cent of the money that the project will cost; that is because of the junior money, which is the equity money and therefore subject to the risk. The Government ought not to put down as a definite recovery item the equity in these projects. In other words, I follow strictly, one hundred per cent, the normal rules of banking.

Q. For example, suppose on that Boulder Canyon Project the Government had not entered the expense of \$120,000,000 in the Budget but only such capital share as you have suggested. Then, each year, as this money is repaid, you enter, as receipts to the Treasury, the profits of that operation. At the end of fifty years, let us say, you have a series of Budget statements showing an income of \$120,000,000 but no off-

## 2. *Five Hundred and Fourteenth Press Conference*

setting item showing the expense of the Government in setting it up. Won't the Government be \$120,000,000 plus?

THE PRESIDENT: No. What you are coming down to is this: that as the returns come from Boulder Dam, not just the interest but the amortization, you immediately, each year, cut down two per cent of the original \$100,000,000 or whatever amount it is. We pay off the debt. We use it as the straight payment of that debt.

Q. In other words, apply the income to the retirement of the debt?

THE PRESIDENT: Yes.

Q. Would you apply that rule on construction projects to the Government's investment, its equity in lending corporations like the Federal Farm Loan Corporation?

THE PRESIDENT: I think so. The Commodity Credit is doing it today.

Q. Do you need legislation to undertake a budget of that kind?

THE PRESIDENT: Yes. For instance, you remember in R.F.C., the predecessor to Dan [Mr. Bell] as Director of the Budget—who was it?

Q. Mr. Douglas.

THE PRESIDENT: President Douglas of McGill University. *(Laughter)* He told everybody, told the Press first and then told me afterwards, that Jesse Jones would only get fifty per cent of his money back; and, with a very long face, he kept saying that, and of course it was printed. Everybody believed that poor old Jesse was going to lose fifty per cent of all the loans he made.

Jesse Jones was fit to be tied. He said, "I do not know that I will get one hundred per cent back, with interest. My best guess is that I will get one hundred per cent back. I may make some losses but the losses won't exceed, in fact they will be less than the interest that I am getting on these expenditures. Therefore," said Jesse Jones, "I will bet my last dollar that I will get my capital back."

Well, we have been doing it for four years, and Jesse Jones

## 2. *Five Hundred and Fourteenth Press Conference*

has proved that he is right. He will undoubtedly have a lot of capital losses; but you take all the money that Jesse has loaned out and you will find that as to his original capital, using the interest to offset the losses, he will come through one hundred per cent.

Q. What I was getting at is, could we consider the capital investment, the equity investments of these corporations as assets of the Government?

THE PRESIDENT: Again I think it is a question of using the same methods as careful banks use. I do not think we should capitalize the equity.

Q. Then we should count these contingent liabilities as part of the Government debt?

THE PRESIDENT: Yes, that is true.

Q. Do I understand that you advocate these people going to the market and financing themselves?

THE PRESIDENT: In most cases they are doing it more and more. Jesse [Mr. Jones], you know, is getting out his own notes this year for the first time.

Q. Should we construe this as a recommendation to Congress, as a recommendation?

THE PRESIDENT: For study of this.

Q. In the beginning of relief, the very first relief was given as loans to states, and the states were to pay back that money. The next relief bill said that no money could be taken. The R.F.C. carried that for a long time as assets and in the last session I understand that was transferred to the Treasury. Does the Treasury carry it as assets or liabilities?

THE PRESIDENT: Of course if you set up any plan of this kind you have to run the risk of some Congress in the future kicking it overboard. That is always possible under our form of government. You cannot tell. They might—if you had borrowed some Government money on your home, some kind Congress in the future might forgive you the money because they liked you.

Q. Is there any hope for that, Mr. President? (*Laughter*)

## 2. *Five Hundred and Fourteenth Press Conference*

THE PRESIDENT: (*Reading*)

"Our financial statements, of course, should clearly reflect, in appropriate classifications, the amount of Government outlays for physical improvements that are not self-liquidating in character. We must take into account the necessity for making such of these and other changes as will permit the presentation to the Congress and to the public of more accurate and intelligible statements of the financial operations of the Government."

And, when I said that, I made a liar out of a lot of papers you represent. That is an absolutely true fact and a perfectly provable one; though a lot of papers have printed the opposite.

(*Reading*)

"I should like to call your attention to the following table comparing for the 10-year period the amount of the Federal deficit and the increase in the public debt, with the amount included therein for capital outlays. It should be understood that this table is not intended to represent values on an earning basis. Nevertheless, under our policy of expanding capital outlays to compensate for variation in private capital expenditures and of making loans to meet emergency needs of our people, the table clearly shows that the greater part of the deficits and the larger part of the increase in the public debt have gone for permanent additions to our national wealth."

Now, please underscore that and make a note of it.

"Let us all fix that fact in our minds so that there shall be no doubt about it and so that we may have a clear and intelligent idea of what we have been doing. We have not been throwing the taxpayers' money out of the window or into the sea. We have been buying real values with it. Let me repeat: The greater part of the budgetary deficits that have been incurred have gone for permanent, tangi-

## *2. Five Hundred and Fourteenth Press Conference*

ble additions to our national wealth. The balance has been an investment in the conservation of our human resources, and I do not regard a penny of it as wasted."

I said to Herbert [Gaston] to put in something that will drive this home, to put it in so that the press will print it, so he wrote that last paragraph.

Now, here is the table: [Referring to the table on page XI of the Budget] You see how it runs. You can study that table.

Direct Federal public works, starting in 1931, on the left-hand side, were \$247,000,000 to \$465,000,000 in 1940; \$605,000,000 this year.

Recoverable loans and investments ran from \$263,000,000 (in 1931) up to \$234,000,000 this year and \$123,000,000 next year.

Public roads from \$174,000,000 (in 1931) to \$232,000,000 this year and \$213,000,000 next year.

The Civilian Conservation Corps work was \$290,000,000 this year, \$285,000,000 next year.

New construction projects of Works Progress Administration are \$734,000,000 in 1939 and \$488,000,000 next year.

Grants to public bodies for public works, \$392,000,000 this year and \$366,000,000 next year.

Now, those totals in those years ran very, very close, as you will notice, to the two top lines, the deficit, excluding debt retirement, and the increase in gross public debt. In other words, that is the proof of what was said in the two previous paragraphs.

Q. Why do you include the stabilization item?

THE PRESIDENT: I don't; that is down there so somebody won't say we left it out. It is not, strictly speaking, a recoverable item. Of course, we are going to suggest the renewal of the life of the stabilization fund. In other words, if Congress does not renew that \$2,000,000,000 stabilization fund, it becomes

## 2. Five Hundred and Fourteenth Press Conference

an immediate asset of the Government which can be used for any purpose whatsoever.

It can be used to reduce the public debt, or build highways, or anything else. But I do want to say this, that there has been a good deal of loose talk about the stabilization fund. I do not think I am telling stories out of school. You know, you read in the papers in the past couple of days about the British stabilization fund being pretty hard hit. Actually, our stabilization fund has operated now for three years and we are rather proud of the fact that it not only is not less than the \$2,000,000,000, but it is actually more today than it was in the beginning and, at the same time, it has given our foreign exchange, as you all know, a more stable position through these three years than the foreign exchange of any other nation in the world. In other words, it has been doing what we think is a darned good job for our foreign trade.

Q. What is the profit? You can divulge that under the law, if you wish to.

THE PRESIDENT: It was secretly told to the Senate Committee last spring and you people got it an hour later, so it is all right.

Q. This item of \$3,234,000,000 of recoverable loans and investments, does that include the capital stock and surplus of the many agencies which are in the lending business?

MR. BELL: Yes.

Q. Do you think it would be recoverable without liquidating the affairs of those corporations?

MR. BELL: Of course not.

THE PRESIDENT: No. Just the same way you get stock in the bank. You cannot get your money back, practically, unless you liquidate the bank or have a market. . . .

*(Reading)*

“But I also hope that those revenues in times of prosperity will provide a surplus which can be applied against

## 2. *Five Hundred and Fourteenth Press Conference*

the public debt that the Government must incur in lean years because of extraordinary demands upon it.

"I believe I am expressing the thought of the most far-sighted students of our economic system in saying that it would be unwise either to curtail expenditures sharply or to impose drastic new taxes at this stage of recovery. But in view of the addition to our public expenditures involved in the proposed enlarged national defense program and the program for agricultural parity payments, for which no revenue provision has yet been made, I think we might safely consider moderate tax increases which would approximately meet the increased expenditures on these accounts."

And thereby, off the record, hangs a tale. As I remember it, Pat Harrison [Senator Pat Harrison] gave assurances last spring that there would be taxes provided to take care of the additional agricultural parity payments; and nobody has come across with them yet. In other words, they might be called a deferred pledge, as yet unfulfilled.

Q. Are those the only new taxes which we are considering?

THE PRESIDENT: No. No form of tax but an amount of revenue to offset it to a total of \$212,000,000 was promised.

Q. That is the only additional—

THE PRESIDENT:[interposing] That is the only thing that was promised last session.

Q. Will you also want the taxes for that national defense?

THE PRESIDENT: And national defense. . . .

Q. With national defense, \$422,000,000?

THE PRESIDENT: That is right. In other words, what I am saying in effect is, "Carry out your promise and give me \$212,000,000 additional revenue and add to that \$210,000,000 for national defense, or a total of \$422,000,000."

Q. Do you plan to suggest a means?

THE PRESIDENT: No.

*(Reading)*

## *2. Five Hundred and Fourteenth Press Conference*

"It should be added, however, that it is my firm conviction that such new taxes as may be imposed should be most carefully selected from the standpoint of avoiding repressive effects upon purchasing power.

"Sound progress toward a budget that is formally balanced is not to be made by heavily slashing expenditures or drastically increasing taxes. On the contrary, it is to be sought by employing every effective device we may have at our command for promoting a steady recovery, which means steady progress toward the goal of full utilization of our resources. We can contribute very materially toward that end by a wise tax program.

"I am recommending the reenactment of the excise taxes —"

That includes also the 3-cent postage.

*(Reading)*

"— which will expire in June and July of this year, not because I regard them as ideal components of our tax structure, but because their collection has been perfected, our economy is adjusted to them, and we cannot afford at this time to sacrifice the revenue they represent. If the Congress should at this session adopt new taxes more scientifically planned to care for the defense and agricultural programs, it is quite possible that the existence of these new taxes will enable us in a later year to give consideration to abolishing some of the present excise levies.

"The revised estimate of receipts for the fiscal year 1939 as contained in this Budget is \$5,520,070,000, and of expenditures, \$9,492,329,000, leaving a deficit of \$3,972,259,000."

Q. At that point, the revised receipts for this current year, there has been an increase of half a billion dollars over your July estimate. Can you tell us what the basis of that increase is? . . .

MR. BELL: Better business than was contemplated.

THE PRESIDENT: The way to put it is that, suppose beginning

## *2. Five Hundred and Fourteenth Press Conference*

about September the Treasury experts began revising their estimates upward and by November they were still a little better and the last word, about ten days ago, they were still better.

Q. If the Congress does not meet the \$422,000,000, the deficit would not be increased by that amount?

THE PRESIDENT: No. This is without any increase. An increase in taxes of \$422,000,000 would take that amount off the estimated deficit.

Q. It is estimated by the Treasury that that would be raised by excise taxes. Would it make any difference to you what kind of taxes would raise it?

THE PRESIDENT: I mentioned that in my Annual Message, the paragraph that related to taxes which, in effect, are a drain on national income, and other taxes which, because of their form, are not a drain on national income.

The simplest illustration you can get is the tax you pay on your cigarettes, which puts a direct drain on national income because almost everybody in the country, including the ladies, uses cigarettes and probably ninety-eight per cent of the cigarettes smoked are smoked by comparatively poor people like us. It is a direct drain on national income.

On the other hand, estate and inheritance taxes are not direct drains on national income. They fall into the category that does not hit the spending power of the country.

Q. Does this tax program — do you have in mind the probability that there will be reciprocal taxation on Federal and state bonds and salaries?

THE PRESIDENT: Well, I have not said anything about it. I thought I would hold until a little later, what I am going to say about taxes on all bonds issued by any public body, state, local, municipal or Federal, and also income taxes on all Government employees, Federal, state and local. And, of course, as you know, it is a very simple proposition. Most people in the country are for it. There is a division among those people as to whether they think it is constitutional or

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not. There is a respectable opinion that it would be constitutional to do it, and other people say it would not. I think that the best way to get a decision is to pass a law and submit it to the Supreme Court.

Q. Do you think Justice Holmes was right when he said that members of the Supreme Court should pay a tax?

THE PRESIDENT: I could not comment on that out loud but I suggest you read the sixteenth amendment again. That is all you have to do.

Q. That would not amount to more than \$100,000,000?

THE PRESIDENT: But gradually it would pick up over a period of years.

Q. The figure I saw was not over \$100,000,000, and I think you have over \$400,000,000?

THE PRESIDENT: I think that is rather low.

Q. Those salaries are awfully low?

THE PRESIDENT: Yes, but a lot of them come under it.

Q. Is this information you are speaking of, is that for our use?

THE PRESIDENT: I think you can use it. Don't you think so?

MR. BELL: It is in with your story.

THE PRESIDENT: It is a repetition of what I said last spring. If you tie it in with your story, it is all right.

Q. If the Congress should, at this session, adopt new taxes, will there be any specific recommendation for new taxes?

THE PRESIDENT: Probably not in the form of a message. There will be the usual consultations between the committees and the Treasury.

Q. You won't have a tax message?

THE PRESIDENT: No.

Q. Does that contemplate lowering the brackets on income taxes?

THE PRESIDENT: I suppose they will talk about it up there and talk to the Treasury.

Q. You are not going into the detail of the readjustment of the various Departments but, reading it hastily, I got the impression that there is a fairly moderate increase in person-

## 2. *Five Hundred and Fourteenth Press Conference*

nel and buildings. Do you think I have the right impression on that? I am for the Federal establishment.

THE PRESIDENT: Yes, you are right, Earl [Mr. Godwin]. The reason is this, that, each year, Congress keeps on giving almost every Department, some new job to do. That is the size of it. And the only way to save money is, (1) to appropriate too little money and not do the job we are ordered to do, or (2) cut out the job, cut out the task.

Q. Would you or Mr. Bell say it is about an average increase?

THE PRESIDENT: Taking it by and large, it is less than an average increase.

Q. I have to insert here that you do not favor the processing tax?

THE PRESIDENT: It is just like all the other taxes. Do not make any inferences because I have not mentioned any by name.  
(*Reading*)

“The estimated receipts for the fiscal year of 1940 amount to \$5,669,320,000, and the expenditures for that year are estimated at \$8,995,663,000, resulting in a deficit of \$3,326,343,000.”

On the rest of these, under recommendations, the first is to extend the present taxes; the second is the 3-cent postage, and the third is the C.C.C. I am asking that it [the C.C.C.] be continued at this session beyond its legal death day of June 30, 1940. The reason is that if we wait until the spring of 1940 to extend it, it actually costs the Government money, because the C.C.C. has to make its plans ahead. If the Congress will extend the life this year over the next year or two or make it permanent—it does not make an awful lot of difference which—it will save the Government money.

Q. In the gross public debt at the end of the fiscal year 1940 you are coming up to the amount of \$44,000,000,000. Isn't that close to the legal limit?

THE PRESIDENT: Yes.

Q. Will you ask for any more?

## *2. Five Hundred and Fourteenth Press Conference*

THE PRESIDENT: Probably there will be a request for the expansion of the legal limit.

Q. On page XVI, in the second paragraph there, the second sentence, you say, "Supplemental estimates of appropriations will be submitted to meet the requirements of the Works Progress Administration, the National Youth Administration, and the Farm Security Administration for the fiscal year 1940." Does that mean supplemental estimates beyond and above those contained in this Budget?

THE PRESIDENT: No, it does not. What it means is this: that the actual figures for W.P.A.—as last year and the year before—we are not going to submit until we know more about it. That will be about April, as we did last year and the year before.

Q. The figure is given?

THE PRESIDENT: The figure is given; that is, our estimate at the present time, and, as far as we know, it won't be added to.

Q. You are hoping that this will cover?

THE PRESIDENT: Yes.

Q. On page Ago you have listed at least three Government credit corporations which are due to expire by law on June 30, 1939. They include the Commodity Credit Corporation, the Electric Home and Farm Authority, and the Export-Import Bank of Washington. For that reason no estimate is included in the 1940 Budget. Can you tell us now whether you intend to ask for the continuation of all those agencies after that time?

THE PRESIDENT: I think so.

Q. All three?

THE PRESIDENT: Yes. There is an amount in the supplemental that would take care of that if their lives were extended. In other words, administrative expenses.

Q. Under the heading, "Appropriations," the last thing in your message, you have it that the total appropriations which will be sought from Congress for 1940 will be \$10,190,000,000, whereas the total expenses were to be \$9,000,000,000. Can

### 3. *The Annual Budget Message*

you give us any breakdown of the difference between those items?

THE PRESIDENT: Reappropriations.

Q. Anything in here for counter-espionage?

THE PRESIDENT: Yes, there were some increased items for F.B.I., Naval Intelligence and the Military Intelligence.

Q. The Military increase is \$35,000?

THE PRESIDENT: Yes.

MR. BELL: The Navy is a little higher and the F.B.I. is \$75,000.

Q. What do they total, the increase?

THE PRESIDENT: \$125,000.

MR. BELL: Or \$150,000; I do not remember the exact figure.

Q. Have you also increased the personnel of the Secret Service?

THE PRESIDENT: Not the Secret Service, no.

(See following Item for the budget message discussed in the foregoing press conference.)

### 3 ¶ *The Annual Budget Message.*

January 5, 1939

*To the Congress:*

PURSUANT to provisions of law, I transmit herewith the Budget of the United States Government for the fiscal year ending June 30, 1940, together with this message, which is an integral part thereof. The estimates in this Budget are based upon a continuation of all taxes now in force and upon a careful analysis of the existing obligations and future needs of the Government. I, therefore, recommend appropriations for the purposes specifically detailed in the tables which follow.

#### THE BUDGET AND THE NATIONAL INCOME

Taxation yields almost all of the income of the Government, leaving less than 5 per cent to come from miscellaneous sources. Revenue from taxes depends mainly on two factors: the rate of

### 3. *The Annual Budget Message*

taxation and the total of the national income. This holds true not only of direct taxes on personal and corporate income but also of what are known as ad valorem taxes or other forms of indirect taxes, for the very good reason that the volume and value of goods produced or articles imported vary with the rise or fall of the Nation's total income.

We can and do fix the rate of taxation definitely by law. We cannot by a simple legislative act raise the level of national income, but our experience in the last few years has amply demonstrated that through wise fiscal policies and other acts of government we can do much to stimulate it.

Today the Nation's income is in the neighborhood of 60 billion dollars a year. A few years ago it was much lower. It is our belief that it ought to be much higher.

In order that you may know the amount of revenue which the Government may expect under the existing tax structure as the national income rises, the following table is submitted. It shows the estimated revenues which may be derived when national income reaches certain levels between 70 billion and 90 billion dollars.

*Estimated Federal receipts<sup>1</sup> by principal sources, at certain assumed levels of national income based on December, 1938, tax rates*

[In billions of dollars]

National income	70	80	90
Income taxes.....	2.5	3.9	5.7
Miscellaneous internal revenue.....	2.2	2.6	3.1
Customs.....	.4	.5	.7
Miscellaneous receipts.....	.2	.2	.2
Pay-roll taxes.....	.7	.8	.9
Total.....	6.0	8.0	10.6

<sup>1</sup> Tax liabilities excluding trust accounts. Pay-roll taxes at calendar year 1938 rates.

The table is not intended to indicate the national income for any particular year and, of necessity, the estimates are rough and may vary somewhat either way. Since taxes are paid from

### 3. The Annual Budget Message

*Actual and estimated receipts and expenditures of the Government for the fiscal years 1931-40*  
*(Classifications include expenditures from both general and emergency funds)*

[In millions of dollars]

	Total, 1931- 40	Estimated		Actual								
		1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	
		RECEIPTS										
Internal revenue:												
Income tax . . . . .	15,789	1,903	2,086	2,635	2,158	1,427	1,099	818	746	1,057	1,860	
Tax on unjust enrichment . . . . .	24	6	6	6	6	6	6	6	6	6	6	
Miscellaneous internal revenue . . . . .	16,935	2,333	2,173	2,280	2,181	2,009	1,657	1,470	858	504	570	
Taxes under Social Security Act . . . . .	2,153	686	611	604	252	6	6	6	6	6	6	
Taxes upon carriers and their employees . . . . .	383	124	109	150	6	6	6	6	6	6	6	
Processing tax on farm products . . . . .	951	6	6	6	6	6	6	6	6	6	6	
Railroad Unemployment Insurance Act . . . . .	5	5	5	5	5	77	521	353	6	6	6	
Customs . . . . .	3,583	404	335	359	486	387	343	313	251	328	377	
Miscellaneous receipts . . . . .	2,110	208	200	208	211	216	180	162	225	117	383	
Total receipts . . . . .	41,033	5,669	5,520	6,242	5,294	4,116	3,800	3,116	2,080	2,006	3,190	
EXPENDITURES												
Ordinary expenditures:												
Legislative, judicial, and civil establishments:												
Legislative establishment . . . . .	197	22	21	21	21	22	18	16	16	19	21	
Department of Agriculture . . . . .	1,050	136	152	134	149	119	71	63	66	94	66	
Department of Commerce . . . . .	358	49	31	30	33	37	33	25	33	39	48	
Department of the Interior . . . . .	694	92	95	92	73	62	65	45	54	61	55	
Department of Justice . . . . .	405	50	42	41	37	38	33	31	42	48	43	
Department of Labor . . . . .	197	22	20	26	31	27	18	12	14	15	12	
Post Office Department (deficiency) . . . . .	876	53	57	47	39	86	64	64	117	203	146	
Department of State . . . . .	159	17	17	17	17	17	16	11	15	17	15	
Treasury Department . . . . .	1,452	170	165	156	155	145	123	111	132	159	136	
War Department (nonmilitary) . . . . .	490	51	54	52	54	47	50	44	43	47	48	

### 3. The Annual Budget Message

[illegible]

### 3. The Annual Budget Message

*Actual and estimated receipts and expenditures of the Government for the fiscal years 1931-40 (Continued)*

	Total, 1931- 40	Estimated		Actual							
		1940	1939	1938	1937	1936	1935	1934	1933	1932	1931
Unemployment relief:											
Direct relief.....	4,048	42	97	154	184	588	1,916	716	351	.....	.....
Work relief (W.P.A., etc.).....	7,198	7	1,604	1,516	1,957	1,298	11	805	.....	.....	.....
Civilian Conservation Corps.....	2,550	285	290	326	386	486	436	332	9	.....	.....
Supplemental items.....	2,435	1,685	750	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	16,231	2,019	2,741	1,996	2,527	2,372	2,363	1,853	360	.....	.....
Loans, subscriptions to stock, etc. (net).....	3,339	120	271	104	150	71	424	882	181	873	263
Supplemental item.....	65	65	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total, extraordinary expenditures.....	27,797	3,458	4,241	2,980	3,779	3,357	3,553	3,360	1,013	1,372	684
Total expenditures, exclusive of debt retirement	68,312	8,995	9,492	7,626	8,442	8,666	7,010	6,011	3,864	4,535	3,671
Net deficit.....	27,279	3,326	3,972	1,384	3,148	4,550	3,210	2,895	1,784	2,529	481
Increase in gross public debt.....	28,273	3,326	3,967	740	2,647	5,077	1,648	4,514	3,052	2,686	616
Gross public debt at the end of each fiscal year.....	.....	44,458	41,132	37,165	36,425	33,778	28,701	27,053	22,539	19,487	16,801

\* Excess of credits, deduct.  
NOTE.—This statement is on the basis of the daily Treasury statement as revised on July 1, 1938.

### 3. *The Annual Budget Message*

one month to fifteen months after income is realized, the achievement of a 90 billion dollar national income in one year will not, for instance, mean tax collections of 10 billion dollars in that same year. This table is an indicator and not a gauge.

During the past nine fiscal years—a period which has seen the national income drop from a high of 78 billion dollars in the calendar year 1929 to around 40 billion dollars in 1932 and rise again to about 70 billion dollars in 1937—Federal revenues, even though on a higher tax base, have never completely covered expenditures.

We require continual study of the revenues necessary to carry on the normal functions of the Federal Government and of the role which Federal policy should play in the stabilization of the national economy.

This study includes a consideration of: (a) The practicability of reclassifying expenditures on a functional basis and the most appropriate methods of financing the different classifications; (b) the problem of human security including relief and its costs; and (c) the correlation between national income on the one hand and Government receipts and expenditures on the other.

An analysis of receipts and expenditures by major classes over a ten-year period, as set forth in the following table, indicates the nature of the problems to be studied.

#### ORDINARY EXPENDITURES

The expenditure side of a budget may be divided into two major classes, namely—ordinary, which includes the operating expenditures for the normal and continuing functions of government, and extraordinary, which includes those expenditures required to meet the non-operating or the unusual costs of government.

General public works of an annual recurring nature may fall in either class, but in view of their flexibility they have been classed as extraordinary for the purpose of this statement.

The foregoing table shows that the excess of expenditures over revenues in the ordinary classification is attributable to various

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causes: new functions undertaken; more carrying charges on the national debt, though at lower interest rates; and the inauguration of the social security and agricultural programs. Under all of these classifications, new expenditures have been added without corresponding increases in taxes.

Fixed costs have also increased because of numerous new appropriations for grants and subsidies.

Another type of expenditure has been forced upon us in increasing volume by the real necessity for expanding our national defense. We are all aware of the grave and unsettling developments in the field of international relations during the past few years. Because of the conditions of modern warfare, we must now perform in advance tasks that formerly could be postponed until war had become imminent. A large part of additional national defense expenditures should, I think, be put in a special category on a temporary basis.

The operating expenses of the Government have also increased because of reductions in the hours of work of certain classes of Federal employees, and because of expansion of the normal functions of the Government with the growth of the country.

Among the new governmental functions which have added to the costs of the ordinary budget, the farm program is outstanding. Soil conservation expenditures and other outlays for the crop adjustment program which are of a continuing nature and produce no direct return to the Federal Government have been only partially covered by new revenues.

A new, and partly self-financing, addition was made to the ordinary expenditures when the Social Security Act was passed to safeguard the economic security of a large portion of our population. However, no provision was made for revenues which would pay for grants to States for old-age assistance, for maternal and child welfare, for public health work, and for aid to dependent children and the blind, which expenditures in 1940 will approximate \$286,000,000. Furthermore, consid-

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eration is now being given to plans for spreading the coverage of, and for revising the benefits under, the Social Security Act, and for improving public health facilities. These plans present major questions of future national policy and directly affect the Budget.

#### EXTRAORDINARY EXPENDITURES

Beyond these questions of ordinary expenditures are those which relate to the non-operating or unusual costs of Government and involve extraordinary expenditures that deal more particularly with the relationship between fiscal policy and the economic welfare of the country. These questions concern Government loans, capital outlays, and relief of need. Expenditures made under these heads are of such a flexible character as to provide, through their contraction or expansion, a partial offset for the rise or fall in the national income.

The public has been showing an increased interest in the adoption by the Government of a form of budget which would conform more nearly to the practice followed in commercial business. There has been some criticism of the Government's practice of including in its budgetary expenditures, amounts disbursed for loans, or for self-liquidating projects, or for other extraordinary capital outlays which increase the wealth of the Nation.

I recognized the merit of constructive suggestions of this nature by recommending in my last Budget Message a change in the method of financing the requirements of the Commodity Credit Corporation. This recommendation provided for an annual appraisal of the assets and liabilities of the Corporation, and contemplated that any surplus from operations or any impairment of capital resulting from losses be reflected as receipts or expenditures in the annual Budget. Under this method the Budget would be affected, not when the investment or loan is made, but in the fiscal year when the surplus or loss occurs. Congress approved this recommendation in the Act of March 8, 1938, and it might well give consideration to an extension of this prin-

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ciple to other governmental corporations and credit agencies, such as:

Agencies under the Farm Credit Administration  
Electric Home and Farm Authority  
Export-Import Bank of Washington  
Farm Security Administration  
Federal Crop Insurance Corporation  
Federal Savings and Loan Insurance Corporation  
Home Owners' Loan Corporation  
Inland Waterways Corporation  
Panama Railroad  
Reconstruction Finance Corporation  
Rural Electrification Administration  
U. S. Maritime Commission

Public projects of a self-liquidating character represent another class of expenditures appearing in the annual Budget as current outlays, to which this principle might also be applied. For example, outlays for the Boulder Canyon project amounting to more than 120 million dollars have been included in annual budgetary expenditures of the Government, notwithstanding that the total cost of the project, including capitalized interest during the period of construction, will be returned to the Government within 50 years, with interest.

While I do not advocate that the Government capitalize all of its expenditures for physical improvements, it seems to me that such portions of the cost of public projects as are clearly self-liquidating should occupy a separate category in budgetary reporting. Our financial statements, of course, should clearly reflect, in appropriate classifications, the amount of Government outlays for physical improvements that are not self-liquidating in character. We must take into account the necessity for making such of these and other changes as will permit the presentation to the Congress and to the public of more accurate and intelligible statements of the financial operations of the Government.

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I should like to call your attention to the following table comparing for the 10-year period the amount of the Federal deficit and the increase in the public debt, with the amount included therein for capital outlays. It should be understood that this table is not intended to represent values on an earning basis. Nevertheless, under our policy of expanding capital outlays to compensate for variation in private capital expenditures and of making loans to meet emergency needs of our people, the table clearly shows that the greater part of the deficits and the larger part of the increase in the public debt have gone for permanent additions to our national wealth.

Let us all fix that fact in our minds so that there shall be no doubt about it and so that we may have a clear and intelligent idea of what we have been doing. We have not been throwing the taxpayers' money out of the window or into the sea. We have been buying real values with it. Let me repeat: The greater part of the budgetary deficits that have been incurred have gone for permanent, tangible additions to our national wealth. The balance has been an investment in the conservation of our human resources, and I do not regard a penny of it as wasted.

A year ago I recommended an increase in work relief, public works, and other related expenditures to check the downward spiral of business. The program undertaken at that time has contributed materially, I believe, to the existing upward movement of business and employment; and I feel that the business men and farmers and workers of the country, no less than the unemployed, are entitled to an assurance that this program will not be curtailed arbitrarily or violently.

The actual cost of work relief and similar expenditures goes down after jobs are found by the workers on these rolls. A violent contraction, before the natural expansion of private industry is ready to take up the slack, would mean, not only human misery, but a disruptive withdrawal from American industry of a volume of purchasing power which business needs at this time. The necessity of increasing Federal expenditures a year ago to

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*Comparison of Federal outlays for durable improvements and recoverable loans and investments with the net deficit and increase in gross public debt for the period July 1, 1930, to June 30, 1940*

[In millions of dollars]

	Actual								Estimated		Total
	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	
Deficit, excluding debt retirement <sup>1</sup> .....	481	2,529	1,784	2,895	3,210	4,550	3,148	1,384	3,972	3,326	27,279
Increase in gross public debt.....	616	2,686	3,052	4,514	1,648	5,077	2,647	740	3,967	3,326	28,273
Federal outlays for durable improvements and recoverable loans and investments:											
Direct Federal public works..	247	289	294	338	400	436	478	453	605	465	4,013
Recoverable loans and investments <sup>1</sup> .....	263	873	181	881	423	69	115	72	234	123	<sup>2</sup> 3,234
Public roads.....	174	210	178	268	317	244	351	237	232	213	2,424
Conservation work through Civilian Conservation Corps .....			9	332	436	486	386	326	290	285	2,550
New construction projects of Works Progress Administration <sup>3</sup> .....						406	595	464	734	488	2,687
Grants to public bodies for public works (including administration).....				19	49	234	273	190	392	366	1,523
Total outlays.....	684	1,372	662	1,838	1,625	1,875	2,198	1,742	2,487	1,940	16,431
Stabilization fund <sup>4</sup> .....											2,000
											18,431

<sup>1</sup> This statement is on the basis of the daily Treasury statement as revised on July 1, 1938.

<sup>2</sup> This amount excludes \$170,000,000 of repayments covered into miscellaneous receipts of the Treasury.

<sup>3</sup> The Works Progress Administration has estimated that between 30 per cent and 40 per cent of the expenditures of that Administration represent outlays for new construction. This does not represent the entire amount of durable improvements made with Works Progress Administration funds, since additions to existing structures are not classed as new construction. However, for the purposes of this statement a figure has been used representing only new construction, namely, 34 per cent of the Works Progress Administration expenditures, after excluding administrative expenses, expenses of the National Youth Administration, and expenditures for rural rehabilitation.

<sup>4</sup> This fund was established from the increment resulting from reduction in weight of the gold dollar. This increment was not included in the general receipts of the Government, nor was the expenditure for the establishment of the stabilization fund classed as general. Thus the transactions which resulted in this fund did not, in any way, affect the deficit. Nevertheless, the balance remaining in this fund could, when no longer needed for the purpose of stabilization, be utilized as an offset against the increase in the debt.

check a recession is a well-known fact. Any decision to decrease those expenditures now that recovery has just started would constitute a new policy which ought not to be adopted without full understanding of what may be the result.

May I say emphatically that I am not suggesting an ordinary budget which is always balanced and an extraordinary budget which is always unbalanced. The ordinary expenses of govern-

### *3. The Annual Budget Message*

ment should continue to be met out of current revenues. But I also hope that those revenues in times of prosperity will provide a surplus which can be applied against the public debt that the Government must incur in lean years because of extraordinary demands upon it.

I believe I am expressing the thought of the most far-sighted students of our economic system in saying that it would be unwise either to curtail expenditures sharply or to impose drastic new taxes at this stage of recovery. But in view of the addition to our public expenditures involved in the proposed enlarged national defense program and the program for agricultural parity payments, for which no revenue provision has yet been made, I think we might safely consider moderate tax increases which would approximately meet the increased expenditures on these accounts. It should be added, however, that it is my firm conviction that such new taxes as may be imposed should be most carefully selected from the standpoint of avoiding repressive effects upon purchasing power.

Sound progress toward a budget that is formally balanced is not to be made by heavily slashing expenditures or drastically increasing taxes. On the contrary, it is to be sought by employing every effective device we may have at our command for promoting a steady recovery, which means steady progress toward the goal of full utilization of our resources. We can contribute very materially toward that end by a wise tax program.

I am recommending the reenactment of the excise taxes which will expire in June and July of this year, not because I regard them as ideal components of our tax structure, but because their collection has been perfected, our economy is adjusted to them, and we cannot afford at this time to sacrifice the revenue they represent. If the Congress should at this session adopt new taxes more scientifically planned to care for the defense and agricultural programs, it is quite possible that the existence of these new taxes will enable us in a later year to give consideration to abolishing some of the present excise levies.

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The revised estimate of receipts for the fiscal year 1939 as contained in this Budget is \$5,520,070,000, and of expenditures, \$9,492,329,000, leaving a deficit of \$3,972,259,000.

The estimated receipts for the fiscal year 1940 amount to \$5,669,320,000, and the expenditures for that year are estimated at \$8,995,663,000, resulting in a deficit of \$3,326,343,000.

#### RECOMMENDATIONS

*Temporary miscellaneous internal-revenue taxes.*—I recommend that the Congress take steps by suitable legislation to extend the miscellaneous internal-revenue taxes which under existing law will expire next June and July, and also to maintain the current rates of those taxes which would otherwise be reduced next June. I consider that the revenue from such taxes or its equivalent is necessary for the financing of the Budget for 1940.

*Postal receipts.*—The estimates of appropriations for the Postal Service included in the 1940 Budget are predicted upon the enactment of legislation to provide for the continuance during that fiscal year of the 3-cent postage rate for first-class mail other than for local delivery. While the Government collects more than it spends on first-class mail, the Postal Service is not self-supporting because it carries other classes of mail at less than cost, as shown in the tabular footnote on page XXV.

*Civilian Conservation Corps.*—The Civilian Conservation Corps has demonstrated its usefulness and has met with general public approval. It should be continued beyond June 30, 1940, and I recommend that Congress enact during its present session the necessary legislation to establish the Corps as a permanent agency of the Government.

#### REVIEW OF THE FISCAL YEARS 1938 AND 1939, AND THE FISCAL PROGRAM FOR 1940

This review concerns the cash actually received and paid out by the Treasury in the fiscal year 1938, the estimates of receipts

### 3. *The Annual Budget Message*

and expenditures for the fiscal year 1939, and the fiscal program for 1940.

#### FISCAL YEAR 1938

*Receipts.*—Total general fund receipts for the fiscal year 1938 amounted to \$6,241,661,227 which was a gain over 1937 of \$947,821,000. The receipts from income taxes were \$477,091,000 in excess of the amount collected from that source in 1937, while miscellaneous internal-revenue taxes were \$98,235,000 more. The amounts collected from pay-roll taxes under the Social Security and Carriers' Taxing Acts were \$502,075,000 in excess of the amounts collected from the same sources during 1937. Approximately the same amounts were received in each of the two years from the tax on unjust enrichment and from miscellaneous receipts. On the other hand, the revenue from customs during 1938 declined \$127,169,000 from the 1937 collections.

*Expenditures.*—The total expenditures for the fiscal year ended June 30, 1936 (exclusive of expenditures for debt retirement and those payable from postal revenue), amounted to \$7,625,822,158, as compared with expenditures on the same basis in 1937 of \$8,442,408,756. Of the reduction of \$816,586,000 in the 1938 expenditures below those of 1937, the bonus payment, which was a non-recurring item in 1937, accounts for \$556,665,000. Recovery and relief was \$772,539,000 less in 1938 than in 1937, and transactions in revolving funds were \$82,583,000 less. Transfers to trust accounts increased \$290,937,000, while expenditures for other purposes were \$304,264,000 greater.

*Deficit and public debt.*—The gross deficit for the fiscal year 1938 amounted to \$1,449,625,881. Excluding \$65,464,950 for statutory debt retirement, the net deficit was \$1,384,160,931. The estimated net deficit submitted a year ago, as revised and adjusted, was \$1,204,330,000. The increase in the gross public debt during the year amounted to \$740,126,583, bringing the gross debt on June 30, 1938, to \$37,164,740,315.

### 3. *The Annual Budget Message*

FISCAL YEAR 1939

*Receipts.*—The total anticipated general fund receipts for the fiscal year 1939 will be \$5,520,070,000, or \$399,367,000 less than was anticipated in the Budget estimates of last January and \$721,591,000 less than for 1938.

This latter decrease reflects the adverse business conditions of the late months of the 1937 and the early months of the 1938 calendar years, and is particularly true of income taxes which it is estimated will decline \$548,618,000 below the actual collections in 1938. Miscellaneous internal revenue is expected to be \$106,483,000 less, and payroll taxes will be \$34,781,000 less than in 1938. Customs revenues are expected to show a decrease of \$24,187,000 and miscellaneous receipts a decrease of \$8,356,000.

*Expenditures.*—The total expenditures (exclusive of expenditures for debt retirement and those payable from postal revenue) for the fiscal year 1939 are now estimated at \$9,492,329,000.

Expenditures for recovery and relief, including expenditures under an anticipated supplemental appropriation for the last five months of the present fiscal year, will amount in 1939 to \$3,187,695,000, an increase of \$951,528,000 over expenditures for this purpose in 1938. There are also increases of \$170,937,000 for the regular departments and agencies; \$115,106,000 for the general public works program; \$53,079,000 for national defense; \$346,318,000 for the agricultural adjustment program, largely for cotton price adjustments and parity payments; \$38,785,000 for grants and administrative expenses under the Social Security Act; \$49,719,000 for interest on the public debt; \$17,992,000 under revolving funds; \$78,449,000 for transfers to trust accounts; and \$150,000,000 for supplemental items other than for relief. There are decreases of \$2,945,000 for the Legislative Establishment, the Judiciary, and the Executive Office; \$32,343,000 for veterans' pensions and benefits; \$36,383,000 for the Civilian Conservation Corps; and \$33,734,000 for refunds of taxes.

### 3. *The Annual Budget Message*

*Deficit and public debt.*—Excluding public debt retirements, the net deficit for 1939 is now estimated at \$3,972,259,000, as compared with an actual net deficit in 1938 of \$1,384,160,931. The gross public debt on June 30, 1939, is estimated at \$41,131,502,010.

#### FISCAL YEAR 1940

*Receipts.*—Revenue estimates for the fiscal year 1940 are based on the assumption that certain taxes which would otherwise expire in June and July, 1939, will be continued. The total anticipated receipts for the fiscal year 1940 on this basis are \$5,669,320,000, an increase of \$149,250,000 over the estimated revenues for the fiscal year 1939. The effect of the business recession which began late in 1937 will continue to be felt in income-tax collections during the fiscal year 1940 and such collections are expected to be \$183,000,000 below those for 1939. Miscellaneous internal revenue on the other hand will increase \$160,400,000 over 1939, and pay-roll taxes are expected to be \$90,250,000 higher. The tax on unjust enrichment is expected to remain at the same figure as in 1939. The amount of contributions under the Railroad Unemployment Insurance Act, which appears as a new item in 1940, will be \$4,950,000. Customs receipts are expected to show an increase of \$68,900,000 over collections from this source during the present fiscal year, and miscellaneous receipts are expected to be greater than in 1939 by \$7,750,000.

*Expenditures.*—The expenditures contemplated for the fiscal year 1940 (exclusive of expenditures for debt retirement and those payable from postal revenues) total \$8,995,663,200 which is \$496,666,000 less than the amount estimated for 1939. There are increases of \$1,046,000 under the legislative and judicial establishments; \$83,735,000 for the civil departments and agencies; \$8,665,000 under the general public works program; \$28,121,000 under the Social Security Act; \$74,000,000 for interest on the public debt; \$4,510,000 for refunds of taxes; and \$87,097,000 under transfers to trust accounts.

For recovery and relief it is estimated that \$2,266,165,000

### 3. *The Annual Budget Message*

will be needed, or \$921,530,000 less than the amount required for this purpose in 1939. Supplemental estimates of appropriations will be submitted to meet the requirements of the Works Progress Administration, the National Youth Administration, and the Farm Security Administration for the fiscal year 1940. Of the estimated expenditure of \$2,266,165,000 for recovery and relief purposes, \$1,750,000,000 is the amount estimated for expenditure by these three agencies; \$469,165,000 by the Public Works Administration and various departments from old balances of emergency funds, \$10,000,000 by the Federal Housing Administration, and \$37,000,000 for reduction in interest rates on farm mortgages.

National defense expenditures for 1940 will amount to \$1,319,558,000. This is an increase of \$309,351,000 over the contemplated expenditures for national defense purposes in 1939 and represents an increase of \$99,351,000 for continuing the current program and \$210,000,000 on account of the new \$500,000,000 program to be submitted at a later date.

There are decreases in estimated expenditures under the agricultural adjustment program of \$13,667,000; under the Civilian Conservation Corps of \$5,000,000; under revolving funds of \$101,949,000; under veterans' pensions and benefits of \$1,044,000; and under regular supplemental items of \$50,000,000.

*Deficit and public debt.*—The estimated net deficit for the fiscal year 1940 is \$3,326,343,200, or \$645,916,000 less than the net deficit for the current fiscal year. The gross public debt on June 30, 1940, is estimated at \$44,457,845,210.

It should be pointed out, however, that the increase in the debt by reason of the deficit does not mean that the Treasury will borrow that additional sum on the market. There will be available during the fiscal year for investment in special issues of Government obligations the net sum of approximately \$950,000,000, which represents investments of \$579,000,000 from the old-age reserve account, \$271,000,000 from the unemployment trust fund, and \$100,000,000 from the railroad and Government employees' retirement funds and from veterans' funds.

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The following table shows the gross public debt at the end of the fiscal years 1936, 1937, and 1938, and the estimated gross debt at the end of the fiscal years 1939 and 1940.

[In millions of dollars]

	June 30, 1940 (esti- mated)	June 30, 1939 (esti- mated)	June 30, 1938	June 30, 1937	June 30, 1936
<b>Market operations:</b>					
Held by—					
Public (banks, insurance companies, trust companies, corporations, individuals, etc.) . . . . .	35,449	33,073	30,144	30,667	29,408
Federal Reserve System . . . . .	2,564	<sup>1</sup> 2,564	2,564	2,526	2,430
Governmental agencies . . . . .	601	<sup>1</sup> 601	565	451	381
Government trust funds . . . . .	1,260	<sup>1</sup> 1,260	1,217	1,212	933
	<u>39,874</u>	<u>37,498</u>	<u>34,490</u>	<u>34,866</u>	<u>33,152</u>
<b>Special issues:</b>					
Held by—					
Old-age reserve account . . . . .	1,751	1,172	662	267	.....
Unemployment trust fund . . . . .	1,480	1,209	872	312	19
Railroad retirement account . . . . .	81	76	66	.....	.....
Employees' retirement funds . . . . .	551	463	396	316	280
Veterans' funds . . . . .	564	557	549	538	127
Other . . . . .	157	<sup>1</sup> 157	130	125	200
	<u>4,584</u>	<u>3,634</u>	<u>2,675</u>	<u>1,558</u>	<u>626</u>
<b>Gross debt . . . . .</b>	<u>44,458</u>	<u>41,132</u>	<u>37,165</u>	<u>36,424</u>	<u>33,778</u>

<sup>1</sup> As of Dec. 1, 1938, and it is assumed for the purpose of this statement only that they will remain at these amounts throughout the fiscal years 1939 and 1940.

**Appropriations.**—The appropriations recommended in this Budget, including those for the Postal Service, District of Columbia, and probable supplemental items, total \$10,190,311,483. The appropriations already made and prospective supplemental items for the fiscal year 1939 for the same purpose total \$10,928,609,972. This is a decrease of \$738,298,489.

(See preceding Item for press conference discussion of the foregoing budget message.)

5. *Works Progress Administration*

4 ¶ A Greeting to the National Conference of Christians and Jews. January 5, 1939

*Dear Dr. Clinchy:*

THE SIXTH observance of Brotherhood Day under the auspices of the National Conference of Christians and Jews during the week of Washington's Birthday, 1939, gives emphasis to principles that are fundamental in the American way of life.

Never has it been more essential that our people of every national origin, race or faith should proclaim those civic ideals that they hold in common and engage together in those activities that reflect their common social aims.

Here in the United States, while maintaining the right to differ in our creeds, all groups must unite in maintaining for all, the liberties guaranteed by the American Constitution and in cultivating that mutual respect, friendship and cooperation across dividing lines, which will bind us together as a nation.

It is my hope that the observance of Brotherhood Day this year will advance these ideals.

Very sincerely yours,

Dr. Everett R. Clinchy,  
National Conference of Christians and Jews,  
New York, N.Y.

5 ¶ A Message to the Congress on the Needs of the Works Progress Administration.

January 5, 1939

*To the Congress:*

IN MY message of April 14, 1938, I presented to the Congress certain recommendations covering programs for the Works Progress Administration, for public works, and for housing, which were designed to increase the purchasing power of the nation,

### *5. Works Progress Administration*

to stimulate business activity, and to provide increased employment. Subsequently, in the Emergency Relief Appropriation Act of 1938, approved June 21, 1938, the Congress appropriated to the Works Progress Administration the sum of \$1,425,000,000, together with certain balances of previous allocations to that Administration which remained unobligated on June 30, 1938. By other legislation, \$23,000,000 of this appropriation was reserved for specific purposes and therefore was not available for the Works Progress Administration program. In Section 2 of the Act, the Congress provided that the available funds should be apportioned over the first eight months of the fiscal year 1939, and further authorized me to modify that apportionment in the event of an extraordinary emergency or unusual circumstance which could not be anticipated at the time the apportionment was made.

Since the enactment by the Congress of legislation providing funds for the programs recommended in my message, substantial business and industrial improvement has occurred throughout the country. However, during the period prior to the adoption of this legislation, when unemployment was increasing, the increase in the number employed on the Works Progress Administration program did not keep pace with the need for employment because the Works Progress Administration had funds to employ only part of those who were out of jobs.

In addition, in a period of increasing unemployment there is a lag before the impact of the jobless reaches the Works Progress Administration. This is because workers who lose their jobs exhaust their private resources before applying for relief. Furthermore, the time intervening between the loss of private jobs and the need for Works Progress Administration employment is now considerably greater than heretofore because of the operation of the unemployment compensation program.

Therefore, with the passage of the Emergency Relief Appropriation Act of 1938, the Works Progress Administration expanded its program in an effort more nearly to meet the needs of the unemployed. While beginning in July, 1938, 125,000 to

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150,000 workers were voluntarily leaving Works Progress Administration projects each month, it was necessary to add from 200,000 to 300,000 others monthly to the rolls in order to meet the needs of those whose personal resources or compensation benefits had become exhausted, and to take back as required by Section 12 of the Act, those who had left the Works Progress Administration for private employment and whose employment had been terminated through no fault of their own.

The demands upon the Works Progress Administration appropriation were increased by two additional factors. The critical foreign situation has had an adverse effect upon American business and industrial employment in this country, and has been an unexpected deflationary force affecting the prices of commodities entering into world markets, such as certain of our important agricultural commodities. This has accentuated relief problems in important areas in the country. In addition, the hurricane which devastated large areas of New England last September seriously dislocated industry and trade in the north-eastern section of the country and added to the relief burden in that area.

As a result of the foregoing factors, the employment provided from the Works Progress Administration appropriation increased from 2,900,000 at the beginning of July, 1938, to a peak of 3,350,000. During the past few weeks the number has been declining. On December 24, 1938, the total had fallen to 3,112,000, and it is expected that the employment during the month of January will approximate 3,000,000. The foregoing figures include employment provided with funds transferred by the Works Progress Administration to other federal agencies under the authority of Section 3 of the Act. An average of 90,000 persons are thus employed under conditions entirely similar to those pertaining in the main Works Progress Administration program.

Under the conditions outlined above, the funds appropriated to the Works Progress Administration will be barely adequate to finance the operations of that agency through the month of

### *5. Works Progress Administration*

January, 1939. Therefore, in accordance with the authority contained in Section 2 of the Emergency Relief Appropriation Act of 1938, I have apportioned those funds to be used during the first seven months of the fiscal year.

It is believed that sufficient funds should now be appropriated to the Works Progress Administration for the balance of the current fiscal year to employ an average of 3,000,000 workers in February and March, and a diminishing number beginning in April which could reach a figure of 2,700,000 in June. This would include the numbers to be employed with funds transferred to other federal agencies. The employment proposed for February and March, which is the same number that is expected to be reached in January, is justified by seasonal factors and the lag in outside construction operations which always occurs on account of weather conditions. In fact, there is normally an increase in the need for employment during these winter months, and the funds available to the Works Progress Administration have not been sufficient to enable it to assign to its program a large number of employable persons who have been certified as in need of relief.

The Works Progress Administration program is at present being conducted at an average Federal cost of approximately \$61 per worker per month, of which only \$2 is overhead administrative expense. Therefore, to provide the employment set forth above, a deficiency appropriation of \$875,000,000 will be required, and this is the amount which I recommend to the Congress. In view of the fact previously mentioned, that the funds now available are barely sufficient to finance the Works Progress Administration through the month of January, 1939, I urge speedy action on the part of the Congress to provide these additional funds in order to prevent disruption of the program and consequent suffering and want on the part of the unemployed.

I realize that the Congress may wish to prescribe by legislation the manner in which funds appropriated to the Works Progress Administration, and other appropriations, shall be distributed. However, the problem of distributing work relief funds

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is a complicated one involving factors not only of population but of economic and unemployment conditions in various sections of the country. The hasty adoption of legislative provisions, to be immediately effective, which radically change the present method of distributing Works Progress Administration funds would greatly complicate the administration of the program in the coming months. I therefore believe that the Congress should make this question the subject of study and hearings, with a view to determining a policy to obtain in the fiscal year 1940, but that the appropriation recommended in this message should be made on the same terms as that for the first part of the fiscal year 1939.

No one wishes more sincerely than I do that the program for assisting unemployed workers shall be completely free from political manipulation. However, anyone who proposes that this result can be achieved by turning the administration of a work program over to local boards is either insincere or is ignorant of the realities of local American politics.

It is my belief that improper political practices can be eliminated only by the imposition of rigid statutory regulations and penalties by the Congress, and that this should be done. Such penalties should be imposed not only upon persons within the administrative organization of the Works Progress Administration, but also upon outsiders who have in fact in many instances been the principal offenders in this regard. My only reservation in this matter is that no legislation should be enacted which will in any way deprive workers on the Works Progress Administration program of the civil rights to which they are entitled in common with other citizens.

In connection with the above, I invite your attention to the fact that under the provisions of Executive Order Number 7916, the administrative employees of the Works Progress Administration, with the exception of a relatively small number of positions, will be brought under the Civil Service on February 1, 1939.

It is my intention to transmit to the Congress, probably in

### *5. Works Progress Administration*

the month of April, a supplemental estimate covering the appropriation which will be required to provide work relief for persons in need in the fiscal year 1940.

*NOTE:* As pointed out in the note to Item 22, 1938 volume, unemployment began to decrease in September, 1938, at which time the business recession of 1937 had practically ceased. The level of unemployment, however, still remained higher than the level in September, 1937; and there was steady increase in the need for WPA employment of those workers still unemployed, especially those whose savings had been exhausted. Therefore, the WPA rolls increased during September, October, and November. Another contributing factor was the need of helping tenant farmers and farm laborers in the cotton area of the South where the entire economy had been disturbed by the critical foreign situation, with its unexpected deflationary effect on the prices of Southern commodities. There was also the emergency employment made necessary in the New England area as a result of the September, 1938, hurricane.

In December, 1938, considerable cuts had been made in the WPA relief rolls; but, in spite of these, there were only enough funds to operate the program through the month of January, 1939.

Accordingly, in the foregoing

message to the Congress of January 5, 1939, I apportioned the available funds over a seven-month period, and requested an additional appropriation of \$875,000,000, contemplating a schedule ranging from 3,000,000 persons in January, February, and March, down to 2,700,000 in June, 1939.

I also recommended that regulations and penalties be enacted by statute to prevent political malpractices in connection with the program. These provisions were incorporated in the bill passed by the Congress.

I also indicated an intention to bring WPA administrative employees under the Civil Service; but the Congress, in the bill which it passed, and in subsequent WPA appropriation bills, has prohibited this action.

Although I requested \$875,000,000 the Congress reduced this to \$725,000,000.

The bill was passed on February 3, 1939, and signed by me on February 4, 1939 (Public Resolution No. 1, 76th Congress, 1st Session). It later became necessary to ask for additional appropriations (see Items 27, 42, 71, 90, 106, page 429, this volume).

6. *Address at the Jackson Day Dinner*

6 ¶ “On Jackson Day Every True Follower of Jackson Asks That the Democratic Party Continue to Make Democracy Work.” Address at Jackson Day Dinner, Washington, D.C.

January 7, 1939

*Chairman Farley, Mr. Vice President, Mr. Speaker, ladies and gentlemen:*

LAST NIGHT I was thinking about this gathering, about our Democratic Party, and what we ought to do to help it. I decided to go right to headquarters — not to Jim Farley’s headquarters, but something much further back. So I put in a radio call for General Andrew Jackson.

“Young fellow,” he said to me, “I don’t know what’s bothering you.”

I said, “General, it’s about the Democratic Party. I’m very fond of it myself, but the Republicans are saying that it’s rotting away like a pollywog’s tail, and some of our fellows are worried. Is there anything that we ought to do about it?”

“Son,” replied the General, “my eyes are getting old and I’m some distance away, but from what I can see from here the only trouble with your fellows is that they’ve been feeding too well and they scare easily.

“Young fellow, do you realize that if you live out the term you now have, you’ll be the only President of any party who’s had two full terms with a majority of his own party in both the House and the Senate all the time, the only President since — who do you suppose? — why, son, since James Monroe — and he left the White House nearly one hundred and fourteen years ago!

“Woodrow Wilson didn’t have majorities as safe as you have now when he first came into office.

## *6. Address at the Jackson Day Dinner*

"And as for me, son, my Democrats licked old Nick Biddle when we didn't even have a majority in the Senate and had few votes to spare in the House. Tell your fellows to learn to count. Some of you Democrats today get scared and let the other fellows tell you you've lost an election just because you don't have majorities so big that you can go to sleep without sentries.

"Why, there is nothing wrong with your fellows. Tell them to learn how to count and get to shooting at the enemy again and they will be all right."

I am passing on that advice of Old Hickory.

But despite the General's optimism, I think this is a good time for the Democratic Party to "examine its conscience," to think over most seriously what we have done that we should not have done and what we have left undone that we should have done.

Let us start by being realistic.

From 1920 on, the Republican Party fed too well and got fat and lazy. It gave the American people a "do-nothing" government for which they suffered through the terrible days. That was one reason why in 1932 they turned to the Democratic Party. The other reason was that the Democratic Party, during that summer and autumn, had a program of action and sounded sincere.

Four years went by, and in the election of 1936 the Republican Party looked like one of those straddle-bugs I used to see on the pond at Hyde Park. The Democratic Party, however, was carrying out its pledges of 1932 and was still fighting. Hence the overwhelming victory of 1936.

Millions who had never been Democrats gave us the power in 1932, and again in 1936, to get certain things done. And our party can continue in power only so long as it can, as a party, get those things done which non-Democrats, as well as Democrats, put it in power to do.

I have been looking back through some of the history books.

In 1834, when Jackson was President, a shrewd observer

### *6. Address at the Jackson Day Dinner*

wrote a letter which I think we ought to read and take to heart today. He said in it:

“There are two parties here — one which would do anything to put down Jackson, and the other anything to sustain him. But there is a third party — and a very large one — which cares not a straw about who is President but who anxiously desire to see some measure of relief for the country, let it operate against or in favor of whom it may.”

Today, as in Jackson’s day, a majority of the people want only a President who honestly cares for them and a party anxiously and unitedly seeking a way to serve them without regard to personal or political fortunes.

Less than half of the voters of America are Democrats. Less than half are Republicans. But more than half of the voters are for the Democratic Party whenever the Democratic Party is for the majority of the people.

I welcome the return of the Republican Party to a position where it can no longer excuse itself for not having a program on the ground that it has too few votes.

During recent years, Republican impotence has caused powerful interests, opposed to genuine democracy, to push their way into the Democratic Party, hoping to paralyze it by dividing its councils.

The first effect of the gains made by the Republican Party in the recent elections should be to restore to it the open allegiance of those who entered our primaries and party councils with deliberate intent to destroy our party’s unity and effectiveness.

The second effect of these gains should be to bring us real Democrats together and to line up with us those from other parties, those who belong to no party at all, who also preach the liberal gospel, so that, firmly allied, we may continue a common constructive service to the people of the country.

For if these independent voters have the conviction that the Democratic Party will remain a liberal party, they will be the

### *6. Address at the Jackson Day Dinner*

first to perceive what I here and now prophesy: that the Republican leadership, conservative at heart, will still seek to run with the hare and hunt with the hounds, talking of balanced budgets out of one side of its mouth and in favor of opportunist raids on the Treasury out of the other.

Yes, opportunists they have been — opportunists they still are: see how they have tried to shuffle New Deal cards.

The Republican first New Deal joyfully went along with our New Deal while we were getting them off the spot and keeping them out of bankruptcy — or worse.

The Republican second New Deal said to its members, "Support New Deal objectives but oppose legislation to put them into effect."

The Republican third New Deal — 1938 model — issued this order: "Get for the voters of your district all the New Deal benefits, promise them bigger and better benefits — any old kind of benefits that any old group asks for — but never mention how those benefits will be paid for."

Those tactics are wrong even for a party out of power, and if continued for another two years, they can hardly give to the voters of the Nation any real confidence in the Republican Party or its leadership.

We Democrats, however, have to act as a party in power. And we cannot hold the confidence of the people if we cannot avoid wrangling except by agreeing to sit still and do nothing.

If there are nominal Democrats who as a matter of principle are convinced that our party should be a conservative party — a Democratic Tweedledum to a Republican Tweedledee — it is on the whole better that the issue be drawn within the party, that the fight be fought out, and that if the Tweedledums are defeated they join the Tweedledees. But, my friends, the prospects of such a knock-down and drag-out fight are far more remote than members of the opposition would have you believe. The people of the country are not deceived when honest debate and an honest effort to work things out for the good of the country are labeled dissension or called bad blood by those outside of

## 6. *Address at the Jackson Day Dinner*

the party whose wish is father to the thought. Those persons hate to admit it but the fact remains that such debate on our part over the period of the past six years has borne six crops of good fruit.

If we deliver in full on our contract to the American people we need never fear the Republican Party so long as it commands the support of—and in fact down underneath is actually directed by—the same people who have owned it for several generations. For the American Liberty League—unless I am incorrectly informed—still functions as a vehicle for political contributions and the spreading of shopworn propaganda.

Jackson and the party as he led it delivered on the barrel-head.

Up to the very last Jackson delivered for the common people he believed in, and for the national unity which he did so much to create.

On his very last day in the White House he vetoed a bill supported by the opposition and many of his own party which surrendered to the states and to a thousand, warring, petty local interests, the Federal Government's responsibility for husbanding the surplus funds in the Federal Treasury for the benefit of the whole Nation.

Along side this statement in my manuscript I note the letters N. B. which in dead Latin stand for "nota bene," or in live English, "take good notice."

Jackson's successor, reputedly a smart politician, could not keep the Democratic Party in power because he and they drifted from principles to politics. He and they were turned out at the next national election in 1840, because they failed to keep the pork barrel locked up in the cellar, and because they failed to deliver what they had promised to anyone except themselves.

And again my manuscript bids me say "N. B.—take good notice."

Let this be another thought for 1940. In 1840 the new Whig President, William Henry Harrison, elected on a red fire—note the color—hard cider, sky-is-the-limit campaign, backed by the

## *6. Address at the Jackson Day Dinner*

descendants of Hamiltonian aristocrats and by disgruntled Democrats, made his first tender of the Secretaryship of the Treasury in his Cabinet—to whom do you suppose? To none other than old Nicholas Biddle himself, Nicholas Biddle, the money changer whom Andrew Jackson had so soundly trounced and driven from the Temple.

From Andrew Jackson to Nicholas Biddle—four short years. And again I say, “N. B. — take good notice.”

A full generation—twenty years—passed by before the principle of Andrew Jackson’s true democracy came back to life in the White House with the next real Democrat, Abraham Lincoln. And, parenthetically, he was chosen President only by the founding of a new party.

Let me ask two obvious questions. Does anyone maintain that the Democratic Party from 1840 to 1876 was by any wild stretch of the imagination the party of Thomas Jefferson or of Andrew Jackson? To claim that is absurd.

Does anyone maintain that the Republican Party from 1868 to 1938 (with the possible exception of a few years under Theodore Roosevelt) was the party of Abraham Lincoln? To claim that is equally absurd.

My casual acquaintance—shall I say my casual acquaintance?—with political life for twenty-five years and my more serious reading of prior history lead me to observe that the American people have greatly changed in their attitude toward government in this—our—generation.

We of this modern day take our politics less seriously. And we take our government more seriously.

In the old days the ideal candidate, whom smart managers always looked for, was, as someone has described a former President, a man with “a protective reputation, an obvious but unalert integrity . . . a complete absence of plan or even of thought.” It might be well for both parties in considering their candidates for President and Vice President to apply that formula, or to be more strictly accurate, the reverse of that formula,

## *6. Address at the Jackson Day Dinner*

to the dozens who, like Barkis, seem even at this moment to be very, very willing.

In the old days, for the bulk of the population, the elections were only a seasonal diversion—a circus with an oratorical sideshow—with the real job done by quiet economic and social—perhaps I should say back room—pressures behind the scenes.

Today there is emerging a real and forceful belief on the part of the great mass of the people that honest, intelligent and courageous government can solve many problems which the average individual cannot face alone in a world where there are no longer one hundred and twenty acres of good land free for everybody.

Today the voting public watches and analyzes every move made by those who govern them—whether in the Executive or the Legislative or the Judicial branches of our Government—with clearer perception and greater insistence on efficiency and honesty.

Today in that analyzing they are less and less influenced by the red fire and the hard cider ballyhoo of newspaper owners or political orators who adhere to the practices of a century ago.

Yes, we have learned to go behind the headlines and behind the leads and behind the glittering generalities in order to analyze and reanalyze, using our own thinking processes and not somebody else's before we make up our own minds.

You remember what Abraham Lincoln said about fooling the people. That was in the 1860's. I should say that no wise political leader of 1939 will take it as a safe working rule that you can fool many of the people any of the time.

This new generation, since the war, believes more than did its fathers in the precept "I am my brother's keeper." It believes in realities, economic and spiritual realities, where its fathers did not bother much to go beneath catchwords.

And it is national in its outlook. Youth today will not listen to a sectional conception of party politics—to a combination of

### *6. Address at the Jackson Day Dinner*

two or three parts of the country against another part, or farmers against labor or business against the state.

The younger generation of Americans, by a very large majority, intends to keep on "going places" with the New Deal. Do not overlook this rising generation. Its vote rises proportionately each year.

On Jackson Day every true follower of Jackson asks that the Democratic Party continue to make democracy work.

In answer to the demands of the American people we have expanded the functions of the Government of the United States. We are handling complicated problems of administration with which no other party has ever had to wrestle. To do that, we are constantly recruiting lieutenants who will give intense and genuine devotion to the cause of liberal government. We have brought to the Government men and women whose first thought is to be of service to their country through their government—men and women with fewer attributes of selfishness and more objectives of clean service than any group I have ever come in contact with in a somewhat long career.

Almost without exception they are more intent on doing a good job than in keeping themselves on the payrolls. Almost without exception they possess that quality of cooperative effort which distinguishes them from the political office-holder of half a century ago.

We seek and we welcome their cooperation and yours, not only from those who are with us now, but from others who come to see the light. We are even willing to accept temporary help.

But we always bear in mind the story of the Orangemen's parade in North Ireland on the anniversary of the Battle of the Boyne.

The parade was set but the Orangemen had no bass drum. And what is a parade without a bass drum!

But the captain of the Orangemen had a good personal friend in the captain of the Fenians in the same town.

He explained his problem to his friend, the captain of the

### *6. Address at the Jackson Day Dinner*

Fenians, and asked him to cooperate by lending the Fenian drum for the Orangemen's parade.

"Sure," said the captain of the Fenians, "I'll give you my fullest cooperation. I will lend you the drum; you couldn't have a decent parade without it."

"But," he added, with a twinkle in his eye, "since I'm personally responsible for the safety of the drum you'll understand if I have to make one personal condition. You'll have to agree to take the drum out of the parade when you get to Queen Street.

"For that's the corner where we Fenians are going to be laying for you."

If we Democrats lay for each other now, we can be sure that 1940 will be the corner where the American people will be laying for all of us.

The way to avoid fighting among ourselves is to fight together against the enemies of the American people—inertia, greed, ignorance, shortsightedness, vanity, opportunism—all of the evils that turn man against man.

It is my belief, and it is the belief of the great majority of those who hear me tonight, that not just for two years to come, but for a generation to come, we will maintain a united front against those enemies of America.

Let us remember the example of Andrew Jackson, who fought to the last for a united democratic nation.

If we do that—by the Eternal, we shall never have to strike our colors.

7 ☐ The President Invites the Brazilian Minister for Foreign Affairs to Visit Washington for a Conference. January 9, 1939

*His Excellency,  
Getulio Vargas,  
President of the United States of Brazil,  
Rio de Janeiro, Brazil.*

THERE HAVE arisen during recent months various questions of great importance in which our two governments are equally interested. It would be particularly gratifying if these matters could be discussed in direct conversations between high officials of our respective governments in that frank and friendly manner and in that spirit of mutual helpfulness which fortunately are traditional in the relations between Brazil and the United States.

For this purpose I am extending through Your Excellency an invitation to your distinguished Minister for Foreign Affairs, Dr. Oswaldo Aranha, to visit Washington as the guest of this government. If it is agreeable to Your Excellency and convenient for him I would suggest that the visit take place as soon as possible after the first of February.

I hope very much that it may be possible for your Minister to accept this invitation and to visit Washington where he gained so many friends during his service as your Ambassador to this capital, and where it would give me and the members of my government the greatest pleasure to welcome him.

Please accept the assurances of my highest consideration, together with the expression of my warm personal regard.

## 8 ¶ The President Urges the Congress to Pass Additional Appropriations for National Defense. January 12, 1939

*To the Congress:*

IN MY Annual Message to this Congress I have spoken at some length of the changing world conditions outside of the American Hemisphere which make it imperative that we take immediate steps for the protection of our liberties.

It would be unwise for any of us to yield to any form of hysteria. Nevertheless, regardless of political affiliations, we can properly join in an appraisal of the world situation and agree on the immediate defense needs of the Nation.

It is equally sensational and untrue to take the position that we must at once spend billions of additional money for building up our land, sea and air forces on the one hand, or to insist that no further additions are necessary on the other.

What needs to be emphasized is the great change which has come over conflicts between nations since the World War ended, and especially during the past five or six years.

Those of us who took part in the conduct of the World War will remember that in the preparation of the American armies for actual participation in battle, the United States, entering the war on April 6, 1917, took no part whatsoever in any major engagement until the end of May, 1918. In other words, while other armies were conducting the actual fighting, the United States had more than a year of absolute peace at home without any threat of attack on this Continent, to train men, to produce raw materials, to process them into munitions and supplies and to forge the whole into fighting forces. It is even a matter of record that as late as the Autumn of 1918, American armies at the front used almost exclusively French or British artillery and aircraft.

Calling attention to these facts does not remotely intimate

### *8. Appropriations for National Defense*

that the Congress or the President have any thought of taking part in another war on European soil, but it does show that in 1917 we were not ready to conduct large scale land or air operations. Relatively we are not much more ready to do so today than we were then—and we cannot guarantee a long period free from attack in which we could prepare.

I have called attention to the fact that “We must have armed forces and defenses strong enough to ward off sudden attack against strategic positions and key facilities essential to ensure sustained resistance and ultimate victory.” And I have said, “We must have the organization and location of those key facilities so that they may be immediately utilized and rapidly expanded to meet all needs without danger of serious interruption by enemy attack.”

I repeat that “there is new range and speed to offense.”

Therefore, it has become necessary for every American to re-study present defense against the possibilities of present offense against us.

Careful examination of the most imperative present needs leads me to recommend the appropriation at this session of the Congress, with as great speed as possible, of approximately \$525,000,000, of which sum approximately \$210,000,000 would be actually spent from the Treasury before the end of the fiscal year ending June 30, 1940.

The survey indicates that of this sum approximately \$450,000,000 should be allocated for new needs of the Army, \$65,000,000 for new needs of the Navy, and \$10,000,000 for training of civilian air pilots.

The several items will be submitted to the appropriate Committees of the Congress by the Departments concerned, and I need, therefore, touch only on the major divisions of the total.

In the case of the Army, information from other nations leads us to believe that there must be a complete revision of our estimates for aircraft. The Baker Board Report of a few years ago is completely out of date. No responsible officer advocates building our air forces up to the total either of planes on hand

### *8. Appropriations for National Defense*

or of productive capacity equal to the forces of certain other nations. We are thinking in the terms of necessary defenses and the conclusion is inevitable that our existing forces are so utterly inadequate that they must be immediately strengthened.

It is proposed that \$300,000,000 be appropriated for the purchase of several types of airplanes for the Army. This should provide a minimum increase of 3,000 planes, but it is hoped that orders placed on such a large scale will materially reduce the unit cost and actually provide many more planes.

Military aviation is increasing today at an unprecedented and alarming rate. Increased range, increased speed, increased capacity of airplanes abroad have changed our requirements for defensive aviation. The additional planes recommended will considerably strengthen the air defenses of the continental United States, Alaska, Hawaii, Puerto Rico and the Canal Zone. If an appropriation bill can be quickly enacted, I suggest that \$50,000,000 of the \$300,000,000 for airplanes be made immediately available in order to correct the present lag in aircraft production due to idle plants.

Of the balance of approximately \$150,000,000 requested for the Army, I suggest an appropriation of \$110,000,000 to provide "critical items" of equipment which would be needed immediately in time of emergency, and which cannot be obtained from any source within the time and quantity desired—material such as anti-aircraft artillery, semi-automatic rifles, anti-tank guns, tanks, light and heavy artillery, ammunition and gas masks. Such purchases would go far to equip existing units of the regular Army and the National Guard.

I suggest approximately \$32,000,000 for "educational orders" for the Army—in other words, to enable industry to prepare for quantity production in an emergency, of those military items which are non-commercial in character and are so difficult of manufacture as to constitute what are known as "bottlenecks" in the problem of procurement.

The balance should be used, I believe, for improving and strengthening the seacoast defenses of Panama, Hawaii and the continental United States, including the construction of

### *8. Appropriations for National Defense*

a highway outside the limits of the Panama Canal Zone, important to the defense of the Zone.

The estimated appropriation of \$65,000,000 for the Navy should be divided into (a) \$44,000,000 for the creation or strengthening of Navy bases in both oceans in general agreement with the report of the Special Board which has already been submitted to the Congress, (b) about \$21,000,000 for additional Navy airplanes and air material tests.

Finally, national defense calls for the annual training of additional air pilots. This training should be primarily directed to the essential qualifications for civilian flying. In cooperation with educational institutions, it is believed that the expenditure of \$10,000,000 a year will give primary training to approximately 20,000 citizens.

In the above recommendations for appropriations totaling \$525,000,000, I have omitted reference to a definite need, which, however, relates to the implementing of existing defenses for the Panama Canal. The security of the Canal is of the utmost importance. The peace garrison now there is inadequate to defend this vital link. This deficiency cannot be corrected with existing forces without seriously jeopardizing the general defense by stripping the continental United States of harbor defense and anti-aircraft personnel. The permanent garrison in the Canal Zone should be increased to provide the minimum personnel required to man the anti-aircraft and seacoast armament provided for the defense of the Canal. Such personnel cannot be increased until additional housing facilities are provided—and, in the meantime, additional personnel must be trained. I recommend, therefore, an appropriation of \$27,000,000 to provide an adequate peace garrison for the Canal Zone and to house it adequately. \$5,000,000 of this sum should be made available immediately in order that work on necessary construction can be initiated.

All of the above constitutes a well-rounded program, considered by me as Commander-in-Chief of the Army and Navy, and by my advisors to be a minimum program for the necessities of defense. Every American is aware of the peaceful intentions of

### *9. Florida Canal and Passamaquoddy*

the Government and of the people. Every American knows that we have no thought of aggression, no desire for further territory.

Nevertheless, as the Executive head of the Government, I am compelled to look facts in the face. We have a splendid asset in the quality of our manhood. But without modern weapons, and without adequate training, the men, however splendid the type, would be hopelessly handicapped if we were attacked.

The young men of this Nation should not be compelled to take the field with antiquated weapons. It would be economically unsound to provide in time of peace for all the modern equipment needed in a war emergency. But it would be nationally unsound not to provide the critical items of equipment which might be needed for immediate use, and not to provide for facilities for mass production in the event of war.

Devoid of all hysteria, this program is but the minimum of requirements.

I trust, therefore, that the Congress will quickly act on this emergency program for the strengthening of the defense of the United States.

(For a fuller discussion of national defense, see Introduction and note to Item 48, 1940 volume, and references cited in Topical Table, 1937 volume.)

## 9 ¶ The President Recommends Further Consideration of the Florida Ship Canal and the Passamaquoddy Bay Project.

January 16, 1939

*My dear Congressman Mansfield:*

THERE ARE TWO subjects to which I hope your Committee will give renewed attention.

The first relates to the proposed Florida Ship Canal. Surveys have been completed and a good deal of work has been done on

*9. Florida Canal and Passamaquoddy*

this. It has long been my belief that a Florida Ship Canal will be built one of these days and that the building of it is justified today by commercial and military needs. As you know, it has been my thought that the government should continue its construction but should take its time in doing this, using, as far as possible, relief labor especially in periods when there is a good deal of unemployment. I would not personally object to a construction period lasting as long as ten or fifteen years. This Canal will, according to the engineers, receive in tolls enough revenue to pay for its upkeep and over a period of years to amortize its cost, though it is doubtful that these revenues would take care of accumulated interest charges. In other words, the government would get its money back without interest.

The other project relates to the development of tidal power in the Passamaquoddy Bay. Here again some money has been spent. It is my belief that the time will come when there will be a joint agreement between Canada and the United States for the joint development of the larger project which would utilize all tidal power in that Bay on both sides of the international line. It is a fact that in Eastern Maine the economic situation is, today, at its worst—for the forests have been cut off and the fisheries have greatly declined. In the case of this project, existing surveys are insufficient and it is my thought that an appropriation for the completion of test borings and a determination of the advisability of putting in a small experimental plant on the American side of the border would be justified.

Very sincerely yours,

Honorable Joseph J. Mansfield,  
Chairman, Rivers and Harbors Committee,  
House of Representatives,  
Washington, D. C.

*NOTE:* Although bills were introduced to complete both of these projects, neither of them was adopted by the Congress. Both of

### *10. Emergency Relief Appropriation Acts*

the projects, however, are now being studied, that is, as of the date of this note, May 1, 1941.

The Senate Commerce Committee has requested the Board of Engineers for Rivers and Harbors to make a survey, and report to it on the project of the Florida Ship Canal.

The United States Senate has also asked the Federal Power Commis-

sion for further information and studies with respect to Passamaquoddy.

For further discussion of the Florida ship canal, see Item 83 (pages 249-250), 1936 volume; for discussion of the Passamaquoddy project for utilization of tidal power, see Item 59 (page 191), Item 83 (pages 249-250), and Item 92, 1936 volume.

## 10 ¶ The President Reports on Operations Under the Emergency Relief Appropriation Acts of 1935-1938. January 16, 1939

*To the Congress:*

AS REQUIRED by the provisions of the Emergency Relief Appropriation Acts of 1937 and 1938, I present herewith a report of the operations under these acts to the end of the calendar year 1938.

This report contains detailed and summary statements of the Treasury Department reflecting expenditures made, obligations incurred by classes and amounts, and the status of funds under each of the above-mentioned acts. In addition thereto, similar information is presented for the Relief Acts of 1935 and 1936. These statements have been compiled as of December 31, 1938.

Reports of operations of the Works Progress Administration, the Farm Security Administration, the Public Works Administration and other agencies receiving funds under Title I and Title II of the Work Relief and Public Works Appropriation Act of 1938 are also included.

A supplementary report prepared by the Treasury Department is being forwarded under separate cover showing the

## 11. Social Security Amendments

status of funds, including expenditures made and obligations incurred for each official project, approved under the Emergency Relief Appropriation Acts.

*NOTE:* This is an annual report made by me of operations and expenditures under the various Emergency Relief Appropriations Acts (see note to Item 7, 1940 volume, for discussion of these reports).

### 11 ¶ A Message Transmitting to the Congress a Report of the Social Security Board Recommending Certain Improvements in the Law.

January 16, 1939

*To the Congress:*

FOUR YEARS ago I sent to the newly convened Congress a message transmitting a report of the Committee on Economic Security. In that message I urged that Congress consider the enactment into law of the program of protection for our people outlined in that report. The Congress acted upon that recommendation and today we have the Social Security Act in effect throughout the length and breadth of our country.

This Act has amply proved its essential soundness.

More than two and one half million needy old people, needy blind persons, and dependent children are now receiving systematic and humane assistance to the extent of a half billion dollars a year.

Three and a half million unemployed persons have received out-of-work benefits amounting to \$400,000,000 during the last year.

A Federal old age insurance system, the largest undertaking of its kind ever attempted, has been organized and under it there have been set up individual accounts covering 42,500,000 persons who may be likened to the policy holders of a private insurance company.

## *II. Social Security Amendments*

In addition there are the splendid accomplishments in the field of public health, vocational rehabilitation, maternal and child welfare and related services, made possible by the Social Security Act.

We have a right to be proud of the progress we have made in the short time the Social Security Act has been in operation. However, we would be derelict in our responsibility if we did not take advantage of the experience we have accumulated to strengthen and extend its provisions.

I submit for your consideration a report of the Social Security Board, which, at my direction and in accordance with the congressional mandate contained in the Social Security Act itself, has been assembling data, and developing ways and means of improving the operation of the Social Security Act.

I particularly call attention to the desirability of affording greater old age security. The report suggests a two-fold approach which I believe to be sound. One way is to begin the payment of monthly old age insurance benefits sooner, and to liberalize the benefits to be paid in the early years. The other way is to make proportionately larger Federal grants-in-aid to those states with limited fiscal capacities, so that they may provide more adequate assistance to those in need. This result can and should be accomplished in such a way as to involve little, if any, additional cost to the Federal Government. Such a method embodies a principle that may well be applied to other Federal grants-in-aid.

I also call attention to the desirability of affording greater protection to dependent children. Here again the report suggests a two-fold approach which I believe to be sound. One way is to extend our Federal old age insurance system so as to provide regular monthly benefits not only to the aged but also to the dependent children of workers dying before reaching retirement age. The other way is to liberalize the Federal grants-in-aid to the states to help finance assistance to dependent children.

As regards both the Federal old age insurance system and the Federal-state unemployment compensation system, equity

## *11. Social Security Amendments*

and sound social policy require that the benefits be extended to all of our people as rapidly as administrative experience and public understanding permit. Such an extension is particularly important in the case of the Federal old age insurance system. Even without amendment the old age insurance benefits payable in the early years are very liberal in comparison with the taxes paid. This is necessarily so in order that these benefits may accomplish their purpose of forestalling dependency. But this very fact creates the necessity of extending this protection to as large a proportion as possible of our employed population in order to avoid unfair discrimination.

Much of the success of the Social Security Act is due to the fact that all of the programs contained in this act (with one necessary exception) are administered by the states themselves, but coordinated and partially financed by the Federal Government. This method has given us flexible administration, and has enabled us to put these programs into operation quickly. However, in some states incompetent and politically dominated personnel has been distinctly harmful. Therefore, I recommend that the states be required, as a condition for the receipt of Federal funds, to establish and maintain a merit system for the selection of personnel. Such a requirement would represent a protection to the states and citizens thereof rather than an encroachment by the Federal Government, since it would automatically promote efficiency and eliminate the necessity for minute Federal scrutiny of state operations.

I cannot too strongly urge the wisdom of building upon the principles contained in the present Social Security Act in affording greater protection to our people, rather than turning to untried and demonstrably unsound panaceas. As I stated in my message four years ago: "It is overwhelmingly important to avoid any danger of permanently discrediting the sound and necessary policy of Federal legislation for economic security by attempting to apply it on too ambitious a scale before actual experience has provided guidance for the permanently safe direction of such efforts. The place of such a fundamental in our

## *II. Social Security Amendments*

future civilization is too precious to be jeopardized now by extravagant action."

We shall make the most orderly progress if we look upon social security as a development toward a goal rather than a finished product. We shall make the most lasting progress if we recognize that social security can furnish only a base upon which each one of our citizens may build his individual security through his own individual efforts.

*NOTE:* Back in 1934, I created an Advisory Council on Economic Security to assist the Committee on Economic Security in its investigations which eventually led to the formulation and adoption of the Social Security Act in 1935 (see Items 117 and 179, 1934 volume). The Act was based upon the careful research and the thorough studies and surveys made by both the Advisory Council and the Committee.

Since the passage of the basic statute, we have had considerable experience in the administration of the social security program. We had an opportunity to test the operation of its various features, in order to determine the directions in which it might be plausible to expand the Act.

In May, 1937, another Advisory Council on Social Security was appointed by the Social Security Board and by a subcommittee of the Senate Committee on Finance. This body was similar in some respects to the old Advisory Council which I had created in 1934. It was composed of twenty-five members, representing employers, employees, and

the public; and it concentrated its attention upon the problems arising out of the operation of the old-age insurance program.

Throughout 1937 and 1938, the Advisory Council investigated the ways in which the old-age insurance provisions of the Act could be improved. At the same time, the Social Security Board itself was carrying on surveys, and on December 14, 1937, Chairman Altmeyer submitted to me a list of suggested improvements (see Item 163, and note, 1937 volume). On April 28, 1938, I wrote to Chairman Altmeyer requesting that the Board study some additional changes in the old-age insurance provisions (see Item 56, and note, 1938 volume).

The "Final Report of the Advisory Council on Social Security," dated December 10, 1938, was before the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives when they started their deliberations on the Act. The report of the Social Security Board on the proposed changes in the Act was also referred to the con-

## *II. Social Security Amendments*

gressional committees concerned, along with the foregoing message which I sent to the Congress.

From February 1 until April 7, 1939, the House Ways and Means Committee held hearings on possible amendments to the Act, and over ninety social security bills were referred to the Committee. H.R. 6635 finally passed the House of Representatives on June 10, 1939, by a vote of 361 to 2, and the bill as amended passed the Senate on July 13, 1939, by a vote of 57-8. After the adoption of the conference report, I signed H.R. 6635 on August 10, 1939 as 53 Stat. 1360 (see Item 109, this volume).

Most of the reforms recommended by the Social Security Board were embodied in the amendments which were passed by the Congress. The following account outlines the changes which the Board advocated, and the extent to which their suggestions were followed by the Congress:

### *1. Federal Old-Age Insurance*

#### *a. Benefits*

The Board recommended that monthly benefit payments start in 1940 instead of on January 1, 1942, as scheduled. The amendments advanced the date for beginning payments to January 1, 1940.

Because those retiring in the early years of the operation of the system would receive very small amounts, the Board suggested that supplementary benefits be provided for aged wives, and that average wages instead of total wages be

used as a basis for computing benefits. Both these reforms were carried into effect when the amendments were passed, with aged wives being granted supplementary benefits totaling one-half of the old-age insurance benefit of their husbands.

Under the Social Security Act of 1935, single lump-sum cash payments amounting to 3½ per cent of the worker's total wages were made at the time of his death. The Board felt that monthly benefits to widows and orphans would be preferable. These recommendations were carried out by the 1939 amendments, which granted monthly benefits to widows who had reached 65, unmarried dependent orphans under 18, younger widows with children, and aged dependent parents.

#### *b. Coverage*

The Social Security Board recommended that the old-age insurance system be extended to cover employees in large-scale farming operations, and that eventually agricultural labor be covered completely. Likewise, it was advocated that the following groups be covered into the operation of the Act: domestic service, maritime employment (with the exception of foreign crews on American vessels engaged in foreign trade), services performed for religious, educational, charitable and non-profit organizations, services performed for the federal and state governments or their instrumentalities, those work-

## *11. Social Security Amendments*

ers employed after they passed the age of 65, and those workers performing personal service who did not fall within the term "employee" as used in this Act.

Under the 1939 amendments, three of the above groups were placed within the system: maritime workers, those earning wages after they reached 65, and employees of federal instrumentalities, such as member banks in the Federal Reserve System.

Several other clarifying amendments were passed, such as the exemption of foreign governments and their instrumentalities, the exclusion of any instrumentality wholly state-owned or constitutionally tax-exempt, and the coverage of an employee performing both excluded and included types of employment where the latter predominates during a particular pay period.

### *c. Financing*

The Board made no definite recommendations regarding the financing of the system, beyond stating that if additional funds were needed, they should be raised by taxes other than those on payrolls.

The 1939 amendments postponed until 1943 the increased taxes to be paid by employers and employees. Under the original terms of the Act, the 1 per cent old-age insurance tax was to be stepped up to 1½ per cent during the years 1940, 1941, and 1942. However, the amendments froze the rate of 1 per cent until 1942, thus

saving employers and workers about \$275,000,000 in 1940 and \$825,000,000 for the three years.

### *d. Administrative changes*

The following recommendations of the Board were enacted in the 1939 amendments:

(1) Employers are now required to make a statement to employees showing the amount of taxes deducted from their wages under the old-age insurance system.

(2) The recovery by the federal government of incorrect payments to individuals has been rendered easier.

(3) Provisions have been made respecting the practice of attorneys and agents before the Board.

(4) Employers are not required to pay taxes on payments they make under any employer welfare plan providing for retirement benefits, disability benefits, medical and hospital expenses, etc.

## *2. Unemployment Compensation*

### *a. Coverage*

In general, the Board advocated that coverage be extended to the same groups which it suggested should be included under the old-age insurance provisions of the Act. With the passage of the amendments, about 200,000 additional persons, chiefly bank employees, were brought into the unemployment compensation branch of the system.

### *b. Financing*

The Board felt that certain features of both the old-age insurance and unemployment compensa-

## *II. Social Security Amendments*

tion sections of the Act should be standardized. Since, under old-age insurance, only the first \$3,000 paid to an employee is taxed, a similar recommendation was made for unemployment compensation, and it was embodied in the 1939 amendments. A suggestion that the tax provisions of the two systems be combined or made identical, in order to facilitate record-keeping, was not adopted. However, the Board asked that the taxes for unemployment compensation be imposed on "wages paid," instead of "wages payable," and when the Congress adopted this amendment it established the same basis as used in old-age insurance.

The Board proposed certain liberalizations in the time limit within which an employer could qualify for the 90 per cent credit against the federal tax by contributing to state unemployment insurance funds. As asked by the Board, the time limit was extended where the employer had paid his tax on time, but to the wrong state. Also, the amendments of 1939 saved employers approximately \$15,000,000 by providing that they would receive full credit for delinquent 1936, 1937 and 1938 taxes paid within sixty days after the passage of the amendments. Other minor changes eased the stringent provisions governing delinquent taxpayers.

### *c. Administrative changes*

The following recommendations of the Board were subsequently enacted:

(1) As in the case of the old-age insurance provisions of the law, payments under employer welfare plans are made exempt from taxation.

(2) States are required to establish and maintain a merit system for the personnel in unemployment compensation agencies, in order to be eligible for federal grants.

(3) The Board recommended that the administration of unemployment compensation and of the United States Employment Service should be placed within a single federal bureau. Under Reorganization Plan No. I, the United States Employment Service was transferred from the Department of Labor to the Federal Security Agency, and its functions were consolidated with the unemployment compensation functions of the Social Security Board (see Item 66, this volume).

(4) As in old-age insurance, the language excluding state instrumentalities is clarified to apply to any instrumentality wholly owned by the states or political subdivisions thereof, as well as those exempt from tax under the constitution.

(5) Exemption of foreign governments and their instrumentalities from the unemployment compensation tax.

(6) States are now required to enact laws providing that expenditures be in accordance with the provisions of the federal act.

## *II. Social Security Amendments*

(7) The provisions relating to "merit rating" or "individual employer experience rating" have been clarified in accordance with the recommendations of the Social Security Board.

### *3. Public Assistance*

The Board recommended that the present uniform percentage grants be changed to a system which would take into account the varying economic capacities of the States. However, no action was taken by the Congress.

a. Old-age assistance, and aid to the blind

The Board proposed that federal contributions for the administration of grants-in-aid to the states should be increased. In the 1939 amendments it was provided that the federal government contribute 50 per cent of state assistance payments to needy aged and blind up to a maximum limit of \$40 a month. Inasmuch as the previous limit was \$30 a month, the maximum federal grant per aged or blind persons was thus increased from \$15 to \$20 per month.

b. Aid to dependent children

The following recommendations of the Board were subsequently embodied in the 1939 amendments to the Social Security Act:

(1) The contribution of the federal government toward state aid to dependent children was increased from one-third to one-half of the amount granted to each individual.

(2) Where a child is regularly at-

tending school, the age limit is raised from 16 to 18 to enable most children to finish high school.

(3) Before the passage of the amendments, the federal government was limited to contributing \$18 per month for the first child and \$12 per month for each child thereafter. The Board suggested a liberalization of this amount, and now the federal government will pay one-half the amounts up to an average of \$18 per child per month throughout the state.

c. Public assistance for Indians

The Board advocated that the federal government reimburse the states for the entire cost of public assistance to certain Indians. No action was taken by the Congress upon this recommendation.

d. Maternal and child health services, and services for crippled children

Although the Social Security Board made no recommendations on these aspects of public assistance, which are administered by the Children's Bureau of the Department of Labor, testimony presented to the Senate Committee holding hearings upon the Wagner national health bill (see Item 17 and note, this volume) showed the immediate need for expanding assistance along these lines. Greater amounts of federal money, under the 1939 amendments, are authorized to be appropriated to assist the states in extending these services. The total amount authorized to be appropriated for maternal

## *12. Federal Real Estate Board*

and child-health grants was increased from \$3,800,000 to \$5,820,000, while that for crippled children was increased from \$2,850,000 to \$3,870,000.

The 1939 amendments to those titles of the Act covering aid to the needy aged, blind, dependent children, maternal and child health services and services for crippled children provided that approval of state plans was contingent upon the establishment of personnel standards on a merit basis.

### *e. Public-health work*

The Social Security Board urged the enactment of the National Health Program presented by the Interdepartmental Committee to Coordinate Health and Welfare Activities (see Item 17, and note, this volume). The amendments of 1939 stipulated that the amount author-

ized to be appropriated for federal aid to state public health programs should be increased from \$8,000,000 to \$11,000,000. Following this increase, particular emphasis has been placed upon developing control of tuberculosis, malaria, cancer, pneumonia, and industrial hygiene.

### *4. Vocational Rehabilitation*

The Board made no additional recommendations regarding this phase of the Social Security Act, but the 1939 amendments increased the annual allotment from \$1,938,000 to \$4,000,000, to be divided among the states, Hawaii and Puerto Rico.

(For a discussion of the accomplishments of the Social Security Act, see Item 107 and note, 1935 volume; and Item 103 and note, 1938 volume.)

12 ¶ The President Transmits to the Congress the Report of the Committee to Study Federal Ownership of Real Estate, and Sets Up the Federal Real Estate Board. January 16, 1939

*To the Congress:*

AT A MEETING of the National Emergency Council held December 17, 1935, I designated the Secretary of the Treasury, the Attorney General, and the Acting Director of the Bureau of the Budget to serve as a committee to make a study of Federal ownership of real estate and of its bearing on State and local taxation. This study has been completed and I am transmitting

## *12. Federal Real Estate Board*

herewith for your information, and such further use as you may deem desirable, the report of the committee and the accompanying tables and charts.

It will be noted that the report concludes with the following recommendations:

- (1) That all branches of the Federal Service be directed to declare completely, accurately and promptly their surplus land and improvements in order that a prudent use for such properties may be found or that they may be offered for sale.
- (2) That the Procurement Division of the Treasury Department continue to maintain a current permanent record of all Federal real estate in order that there may be constantly on file available and dependable information with respect thereto.
- (3) That there should be constituted a Federal Real Estate Board composed of a representative from each of the governmental agencies in charge of considerable holdings of Federal income-producing property, a representative from the Procurement Division, and a representative from the Bureau of the Budget. The duty of this Board should be to study and make recommendations regarding the situation existing in individual communities adversely affected by the purchase of substantial amounts of land and their consequent removal from the regular tax rolls of the county or other taxing district; to advise with Federal agencies contemplating the acquisition of additional real estate; and to submit recommendations regarding the disposition of lands that are essentially in the nature of surplus property.

I have approved of the recommendations of the committee and, in order to put them into effect, I have issued an appropriate Executive Order establishing the Federal Real Estate Board, and providing for the maintenance by the Procurement Division, Treasury Department, of a current record of all Federal real estate. I am enclosing herewith a copy of this Executive Order.

*NOTE:* As early as April, 1935, the National Emergency Council had begun to consider the problem arising from the fact that the United

## *12. Federal Real Estate Board*

States Government had been taking over substantial amounts of acreage in particular counties, thereby materially diminishing the local taxes because of the fact that federally owned property was tax exempt. Late in 1935 I designated a committee consisting of the Secretary of the Treasury, the Attorney General, and the Budget Director to make a study of federal ownership of real estate and its bearing on state and local taxation.

This committee, at a meeting of the National Emergency Council in February, 1936, reported that it was necessary to obtain detailed information with respect to the different types of real estate owned by the United States, and the different uses to which it was being put, before an authoritative study could be made. They recommended the expeditious accumulation of such data.

Accordingly, a questionnaire was prepared and sent to the custodians of substantially all federally owned real estate.

The information called for included the date and manner of acquisition, the area, location, and cost, the use of the land, an estimate of its assessed valuation and total tax if the property had been taxable, the fair market value, and the extent, if any, to which it was in excess of actual government needs.

By October 14, 1938, the data had been accumulated and tabulated and submitted to me, as a

complete inventory of federal real estate as of June 30, 1937.

This was the first comprehensive inventory which had been taken in the history of the country of the investment by the United States in real estate. Nowhere in any governmental fiscal record had an account been kept showing all the government's holdings of land and improvements.

The foregoing report submitted to me disclosed that the government owned more than 20 per cent of all the land in the United States, approximately equal to all the area east of the Mississippi River, except Alabama, Florida, Georgia, and Mississippi. It was further disclosed that the government holdings, if they had been assessed for tax purposes on the same basis as private lands in the vicinity, would have been valued at about \$3,280,000,000, or a little less than 3 per cent of the then assessed value of all private taxable real estate in the continental United States. It was also shown in the report that the amount of money which the Federal Government had actually given to the various states in the form of federal aid in the ten-year period preceding (1928-1937) was greatly in excess of the amounts that would have accrued to the states from state taxation of federally owned property.

The recommendations contained in this committee's report are detailed in my foregoing message.

They were approved by me, and

### 13. *Infantile Paralysis*

put into effect by Executive Order No. 8034, dated January 14, 1939, which was transmitted with the foregoing message of January 16 to the Congress.

The Federal Real Estate Board is now composed of representatives designated by the heads of the following nine departments: Federal Works Agency, Agriculture, Commerce, Interior, Justice, Navy, War, Tennessee Valley Authority, and the Bureau of the Budget.

The functions of the Procurement Division of the Treasury Department mentioned in the Executive Order are now performed by the Public Buildings Administration of the Federal Works Agency, to which the functions of the Public Buildings Branch of the Procurement Division were transferred

by Reorganization Plan No. I, effective July 1, 1939 (see Item 66 of this volume).

At present, whenever any executive department or agency desires to acquire additional real estate, it is first required to ascertain from the Public Buildings Administration of the Federal Works Agency whether there is any federal real estate which would be suitable for its purpose. Departments and agencies are also required to consult with the Federal Real Estate Board regarding the acquisition of any federal property for purposes of their own. The board is also making a study of the communities now adversely affected by the loss of taxes resulting from the acquisition of land by the Federal Government.

## 13 ¶ A Letter by the President on the Raising of Funds on his Birthday to Combat Infantile Paralysis. January 18, 1939

*My dear Mr. Morgan:*

NOW THAT the work of organizing this year's fight against infantile paralysis is approaching completion, I think it would be well to make a few statements of fact about the plan and scope of the work in which we are engaged.

Sometimes when a work has been carried on over a period of years, objectives become obscured so that it is well from time to time to clarify and dispel any misapprehensions which may have grown up in the public mind.

In 1926 the Georgia Warm Springs Foundation was estab-

### *13. Infantile Paralysis*

lished. In the years that have intervened, the work of combatting the scourge of infantile paralysis has grown and steadily expanded until we have today the National Foundation for Infantile Paralysis.

It seems to me that there may be some confusion in the public mind as a result of the evolution through which our work has passed. Indeed, General Hugh S. Johnson, who is chairman of the work for the birthday celebrations in Greater New York, has been helpful in advising us that misapprehension and misunderstanding of our aims, purposes and objectives do exist.

I wish, therefore, you would do what you can to clear up these misunderstandings by sending a copy of this letter to General Johnson and to key-workers everywhere. All who have supported and who are so loyally supporting this work are entitled to all the facts.

In the early days the Georgia Warm Springs Foundation, as the institution around which the campaign against infantile paralysis became national, symbolized the work that we were doing. Today, however, the Georgia Warm Springs Foundation is only a small part of our activity because the National Foundation has put all of the work on a national basis.

This National Foundation for Infantile Paralysis is carrying on, with the cooperation of loyal volunteer workers in towns, cities and communities in every State. The Foundation is, of course, incorporated and its accounts are subject to audit and inspection.

In spite of constant efforts on the part of the National Foundation, many people still believe that all money raised goes to Warm Springs. I should like to have it widely known that the net proceeds from the birthday celebrations will be divided on a fifty-fifty basis. Half the money raised in each community stays in the community where it is raised and will be disbursed through county chapters. The plan is to set up at least one chapter in every county in the country. The other half of the money raised will go to the National Foundation to be used in directing and unifying the fight against every phase of this modern

### 13. *Infantile Paralysis*

scourge of infantile paralysis—a fight on a thoroughly national basis.

Thus it will be seen that we are succeeding in a national effort to combat infantile paralysis just in the same way as there is a nationally organized effort against tuberculosis.

I should like at the same time to clarify any misunderstanding that may have arisen concerning the holding of these celebrations on my birthday. That is only an incident—and, to my way of thinking, a very unimportant incident, too. As in the case of other campaigns on a national basis, it is usual and customary to pick some week or some day as a pivotal date around which the raising of funds may gather force and direction. It has been with that thought in mind that beginning in 1934 my birthday has been loaned as a convenient pivotal date.

I have considered my own personal part small indeed, although my personal interest in the national work of driving out a national scourge could not be exaggerated.

Politics or partisanship have, of course, played no part in any of the campaigns. Nor is there room for any petty spirit or narrow consideration in the splendid work to which the nation has responded with such generosity and magnanimity.

A glance at the list of the officers and trustees of the Foundation will eliminate any possible doubt any one could have on this point.

If I have written somewhat at length it is because of my desire for frankness and candor and to appeal to my fellow countrymen everywhere to maintain a broad perspective, with all emphasis directed toward one objective: the elimination of infantile paralysis as a national peril. The fight must go on.

Very sincerely yours,

Keith Morgan, Esq., Chairman,  
Executive Committee for the Celebration of the President's  
Birthday for the National Foundation for Infantile Paralysis,  
Inc.,  
50 East 42nd Street,  
New York City, N. Y.

14 ¶ A Recommendation to Continue the Powers Relating to the Stabilization Fund and the Fixing of the Metallic Content of the Dollar.

January 19, 1939

*My dear Mr. Speaker:*

THE POWERS conferred by Section 10 of the Gold Reserve Act of 1934, as amended, dealing with the stabilization fund, and the powers specified in paragraph (b) (2) of Section 43, Title III, of the Act approved May 12, 1933, as amended, relating to the fixing of the metallic content of the dollar, will expire on June 30, 1939.

The existence of these powers has enabled us to safeguard the nation's interest and to carry forward international monetary and economic cooperation. It is obvious, however, that the international monetary and economic situation is still such that it would not be safe to permit such powers to be terminated. I believe the sound and wise policy to pursue under the circumstances is to extend these powers until January 15, 1941.

The Secretary of the Treasury and other representatives of the Treasury Department will be available to discuss with the appropriate committees of Congress the problems relating to such legislation.

Very truly yours,

Hon. Wm. B. Bankhead,  
Speaker of the House of Representatives.

(The same letter was sent to the Vice President, as the Presiding Officer of the Senate.)

NOTE: The powers which had been granted to the President by the Gold Reserve Act of 1934 (see Item 16, 1934 volume), relating to fixing the metallic content of the dollar, were to expire, by the terms of the statute, two years after passage of the Act, unless the President, by proclamation, were to extend such powers for an additional year. These powers were extended by

### 15. *Tax Legislation*

Proclamation dated January 10, 1936, to expire on January 30, 1937.

By an Act of Congress, approved January 23, 1937, these powers were again extended to expire on January 30, 1939 (50 Stat. 4).

The foregoing letters were written by me on January 19, 1939, recommending that the powers be further extended.

After extensive hearings and debate in the Congress, such powers were extended by the Congress until June 30, 1941, by an Act approved July 6, 1939 (53 Stat. 998). They have since been again extended for a further two years by an Act approved by the Congress on June 30, 1941 (Public No. 142, 77th Congress).

## 15 ¶ The President Urges Legislation to Prevent Inequities Among Taxpayers as a Result of Recent Court Decisions. January 19, 1939

*To the Congress:*

IN MY message of April 25, 1938, I urged that the time had come when the Congress should exercise its constitutional power to tax income from whatever source derived. I urged that the time had come when private income should not be exempt either from Federal or State income tax simply because such private income is derived as interest from Federal, State or municipal obligations or because it is received as compensation for services rendered to the Federal, State or municipal governments.

A fair and effective progressive income tax and a huge perpetual reserve of tax-exempt bonds could not exist side by side. Those who earn their livelihood from government should bear the same tax burden as those who earn their livelihood in private employment.

The tax immunities heretofore accorded to private income derived from government securities or government employment are not inexorable requirements of the Constitution, but are the result of judicial decision. I repeat that it is not unreasonable to hope that judicial decision would permit the elimination of these immunities.

### 15. Tax Legislation

Decisions of the Supreme Court rendered since my message, particularly the decision in the *Port of New York Authority* case, have made an important and constructive contribution to the elimination of these inequitable immunities.

It is obvious, however, that these inequities cannot be satisfactorily corrected by judicial decisions alone. Without legislation to supplement them, many individuals and corporations will be subjected to tax liabilities for income received in past years which they mistakenly but in good faith believed to be tax-exempt. It is evident, for example, that employees of many state agencies as well as the holders of securities of public corporations believed that the income they received from such sources was tax-exempt, in view of the opinions of eminent counsel based upon earlier decisions of the Supreme Court. In the interest of equity and justice, therefore, immediate legislation is required to prevent recent judicial decisions from operating in such a retroactive fashion as to impose tax liability on these innocent employees and investors for salaries heretofore earned, or on income derived from securities heretofore issued.

In the light of those decisions there are, among the taxpayers of the Nation, inevitable uncertainties respecting their tax liabilities. There is uncertainty whether the salaries which they receive are not taxable under the existing provisions of the revenue acts; there is uncertainty whether the interest which they receive upon the obligations of governmental instrumentalities is similarly not taxable; and there is an uncertainty whether the salaries and interest which they have received for past years will create an unanticipated source of tax liabilities and penalties.

In view of the fact that the Bureau of Internal Revenue will have no choice but to enforce our income tax law as declared in the latest decisions of the Supreme Court, prompt legislation is necessary to safeguard against the inequities to which I have referred. The need, therefore, is for the prompt enactment of equitable rules, prospective in operation, which the Bureau can apply and taxpayers can observe without that mass of litiga-

## 15. Tax Legislation

tion which otherwise is to be anticipated. We are confronted with a situation which can be handled with fairness to all and with reasonable administrative convenience only through the cooperation of the Congress and the Courts.

Unless the Congress passes some legislation dealing with this situation prior to March fifteenth, I am informed by the Secretary of the Treasury that he will be obliged to collect back taxes for at least three years upon the employees of many state agencies and upon the security-holders of many state corporate instrumentalities, who mistakenly but in good faith believed they were tax-exempt. The assessment and collection of these taxes will doubtlessly in many cases produce great hardship.

Accordingly, I recommend legislation to correct the existing inequitable situation, and at the same time to make private income from all government salaries hereafter earned and from all government securities hereafter issued subject to the general income tax laws of the Nation and of the several States. It is difficult for almost all citizens to understand why a constitutional provision permitting taxes on "income from whatever source derived" does not mean "from whatever source derived."

*NOTE:* On April 25, 1938, I had suggested that the Congress end certain immunities of taxation which were enjoyed by governmental employees and by the holders of government bonds (see Item 55, 1938 volume). After that message, the case of *Helvering vs. Gerhardt*, 304 U. S. 405, was decided by the Supreme Court of the United States on May 16, 1938, holding that the salary of an employee of the Port of New York Authority was subject to the federal income tax.

As I pointed out in this message, that decision was an important step in eliminating these unjust immunities. However, that decision was

going to work a great hardship upon employees of the state and federal governments who had in good faith acted under the assumption that their income received in past years was tax exempt. This belief had, of course, been justified by the earlier decisions of the Supreme Court. I therefore recommended, in fairness to them, that this tax liability should not be made retroactive, and that the Congress should so provide by legislation.

My general recommendation was that in the future all income from all government salaries and from all government securities hereafter

## 15. Tax Legislation

issued should be subject to the income tax laws of the federal government, and of the respective several states.

Pursuant to this message, a bill was introduced on February 1, 1939, which subjected to federal income tax all salaries received after December 31, 1938, by state and local officers and employees; and which also gave the consent of the federal government that the salaries of all its employees and officers, received after December 31, 1938, be subject to state and local taxation. The bill also specifically provided that such taxation should not in any event be retroactive to apply to salaries received before January 1, 1939.

On March 27, 1939, the Supreme Court of the United States, in the case of *Graves vs. O'Keefe*, 306 U. S. 466, decided that the salary of an employee of the Home Owners' Loan Corporation, which was an agency of the federal government, was liable to state income tax. This decision was another step toward removal of intergovernmental tax immunity; and it likewise provided impetus to Congressional action on the proposed bill. The bill was passed and became a law on April 12, 1939, as the Public Salary Tax Act of 1939 (53 Stat. 574).

This bill, therefore, carried out one of the recommendations made by me with respect to reciprocal tax immunity on April 25, 1938 (see Item 55, 1938 volume).

Action was also taken on the

other recommendation made by me in that message with respect to removing the tax exemption features of federal government bonds hereafter issued. In the Public Debt Act of 1941, approved by me on February 19, 1941, it was provided that all income from bonds or obligations of the United States, or of any of its agencies or instrumentalities issued after February 28, 1941, should be subject to federal income tax.

However, as of the date of this writing, April 15, 1941, the Congress has as yet not passed any measures which would subject the interest from state and local bonds to the federal income tax; nor has it given its consent to state and local taxation on the income from federal bonds and obligations. In fact, a bill to do this was defeated in the Senate in September, 1940.

At present, therefore, the gross inequalities which resulted from tax exemption of certain salaries and certain income from bonds have been largely removed.

Another victory has been won for the principle that all citizens enjoying the benefits and protection of government should pay for them in accordance with their ability to pay. There never has been any reason why government employees should not contribute to the support of their government the same as anybody else. It has been even more unjust and unfair to permit persons of large income to avoid their proper share of the tax bur-

16. *Federal Communications Commission*

den by locking up their funds in which never should have been ac-  
tax exempt securities. All these corded; and which, fortunately,  
exemptions were special privileges have now been abolished.

16 ¶ The President Recommends Legislation to  
Reorganize the Federal Communications Com-  
mission. January 23, 1939

*My dear Senator:*

ALTHOUGH considerable progress has been made as a result of efforts to reorganize the work of the Federal Communications Commission under existing law, I am thoroughly dissatisfied with the present legal framework and administrative machinery of the Commission. I have come to the definite conclusion that new legislation is necessary to effectuate a satisfactory reorganization of the Commission.

New legislation is also needed to lay down clear Congressional policies on the substantive side—so clear that the new administrative body will have no difficulty in interpreting or administering them.

I very much hope that your Committee will consider the advisability of such new legislation.

I have sent a duplicate of this letter to Chairman Lea of the House Committee on Interstate and Foreign Commerce, and I have asked Chairman McNinch of the Commission to discuss this problem with you and give you his recommendations.

Very sincerely yours,

Honorable Burton K. Wheeler,  
United States Senate,  
Washington, D. C.

(A similar letter was sent to Representative Clarence F. Lea.)

NOTE: Although bills were introduced to carry out this recommendation to reorganize the Federal Communications Commission, no action has been taken by the Congress with respect to it.

17 ¶ A Request for Consideration of the Recommendations of the Interdepartmental Committee to Coordinate Health Activities, with Respect to the National Health Program. January 23, 1939

*To the Congress:*

IN MY annual message to the Congress I referred to problems of health security. I take occasion now to bring this subject specifically to your attention in transmitting the report and recommendations on national health prepared by the Interdepartmental Committee to Coordinate Health and Welfare Activities.

The health of the people is a public concern; ill health is a major cause of suffering, economic loss, and dependency; good health is essential to the security and progress of the Nation.

Health needs were studied by the Committee on Economic Security which I appointed in 1934 and certain basic steps were taken by the Congress in the Social Security Act. It was recognized at that time that a comprehensive health program was required as an essential link in our national defenses against individual and social insecurity. Further study, however, seemed necessary at that time to determine ways and means of providing this protection most effectively.

In August, 1935, after the passage of the Social Security Act, I appointed the Interdepartmental Committee to Coordinate Health and Welfare Activities. Early in 1938, this committee forwarded to me reports prepared by its technical experts. They had reviewed unmet health needs, pointing to the desirability of a national health program, and they submitted the outlines of such a program. These reports were impressive. I therefore suggested that a conference be held to bring the findings before representatives of the general public and of the medical, public health, and allied professions.

More than 200 men and women, representing many walks of life and many parts of our country, came together in Wash-

### *17. National Health Program*

ington last July to consider the technical committee's findings and recommendations and to offer further proposals. There was agreement on two basic points: The existence of serious unmet needs for medical service; and our failure to make full application of the growing powers of medical science to prevent or control disease and disability.

I have been concerned by the evidence of inequalities that exist among the States as to personnel and facilities for health services. There are equally serious inequalities of resources, medical facilities and services in different sections and among different economic groups. These inequalities create handicaps for the parts of our country and the groups of our people which most sorely need the benefits of modern medical science.

The objective of a national health program is to make available in all parts of our country and for all groups of our people the scientific knowledge and skill at our command to prevent and care for sickness and disability; to safeguard mothers, infants and children; and to offset through social insurance the loss of earnings among workers who are temporarily or permanently disabled.

The committee does not propose a great expansion of Federal health services. It recommends that plans be worked out and administered by States and localities with the assistance of Federal grants-in-aid. The aim is a flexible program. The committee points out that while the eventual costs of the proposed program would be considerable, they represent a sound investment which can be expected to wipe out, in the long run, certain costs now borne in the form of relief.

We have reason to derive great satisfaction from the increase in the average length of life in our country and from the improvement in the average levels of health and well-being. Yet these improvements in the averages are cold comfort to the millions of our people whose security in health and survival is still as limited as was that of the Nation as a whole fifty years ago.

### *17. National Health Program*

The average level of health or the average cost of sickness has little meaning for those who now must meet personal catastrophes. To know that a stream is four feet deep on the average is of little help to those who drown in the places where it is ten feet deep. The recommendations of the committee offer a program to bridge that stream by reducing the risks of needless suffering and death, and of costs and dependency, that now overwhelm millions of individual families and sap the resources of the Nation.

I recommend the report of the Interdepartmental Committee for careful study by the Congress. The essence of the program recommended by the Committee is Federal-State cooperation. Federal legislation necessarily precedes, for it indicates the assistance which may be made available to the States in a cooperative program for the Nation's health.

**NOTE:** The recommendations mentioned in the foregoing message were developed by the Technical Committee on Medical Care, and were discussed and adopted at the National Health Conference held in Washington, D.C., July 18-20, 1938 (see Item 99, 1938 volume).

Subsequent to the National Health Conference, representatives of professional groups, farm and labor organizations, and other interested individuals conferred with the Interdepartmental Committee to Coordinate Health and Welfare Activities in preparing the final report transmitted to the Congress.

Senator Robert F. Wagner introduced the proposed "National Health Act of 1939" shortly after my message. This bill, S. 1620, embodied the chief recommendations

of the Interdepartmental Committee.

Although in general, farm, labor, and welfare groups heartily endorsed the objectives of the bill and the bill itself, opposition developed among the professional groups, particularly the American Medical Association. This opposition assumed the familiar tone of agreeing with the "objectives" of the bill, but disagreeing with the "methods" contemplated. The critics expressed fear that the increased federal grants-in-aid would expand federal control too far; and they were particularly worried that the health insurance proposals for the families of wage-earners would mean a trend toward what they called "socialized medicine."

I have definitely expressed the view that "there can be no substi-

## *18. Research — A National Resource*

tute for the personal relationship between doctor and patient which is a characteristic and a source of strength of medical practice in our land." I have also made the definite statement that: "Neither the American people nor their government intends to socialize medical practice any more than they plan to socialize industry" (see Item 124, 1940 volume). There is no basis for the charge of the opponents of the national health program that it was designed to socialize medicine.

The Congress held committee hearings upon these recommendations; but when it failed to take action, I felt that some beginning should be made in the direction of a health program at least in the poorer sections of the nation. Therefore, I asked the Congress to consider legislation to construct

small hospitals in needy areas of the country (see Item 168, 1939 volume, and Item 12, 1940 volume).

In addition to the studies which it conducted, the Interdepartmental Committee was very useful in bringing together the various staff members of federal agencies concerned with health and welfare problems. Prior to the adoption of Reorganization Plan No. I (see Item 66, this volume), these agencies had been scattered in several different departments and establishments. With the creation of the Federal Security Agency which, under the reorganization plans, covered health and welfare, the need for the services of the Interdepartmental Committee to Coordinate Health and Welfare Activities became less pronounced than formerly.

## 18 ¶ Transmitting the Report of the National Resources Committee on "Research: A National Resource." January 23, 1939

*To the Congress:*

I TRANSMIT herewith for the information of the Congress, a report entitled "Research — A National Resource," compiled by the National Resources Committee.

This report deals with the relation of the Federal Government to research. Subsequent reports in this field will cover research by colleges, universities and foundations, by business organizations, by the industrial laboratories, and by the state and municipal governments.

## 19. *National Aviation Forum*

The dependence of civilization on science is universally recognized, but the extent of the activities of private and public agencies carrying on scientific inquiry is not generally known. It is unlikely that large numbers of our people have any adequate realization of the services which are being rendered by the executive agencies of the Federal Government through scientific researches in medicine, agriculture, economics, public administration and the other natural and social sciences.

This report indicates the new emphasis in recent years on activities in the social science fields and stresses the need for effective coordination of all agencies engaged in research in order to achieve the solution of many of our more difficult problems.

I commend the report to the consideration of the Congress.

*NOTE:* This series of studies, entitled "Research—A National Resource," was the result of a study by the Science Committee of the National Resources Committee, undertaken in 1937 to indicate the significance of scientific and scholarly research in our national life.

The series has been planned to cover analyses of the place of the federal government in relation to research; the work of industrial lab-

oratories; the research in the social sciences carried on by business organizations; and research activities of state and local governments.

The first of these studies was transmitted by me to the Congress with the foregoing message. It is entitled "The Relation of the Federal Government to Research." As of January 1, 1941, other reports in this series are still in preparation.

## 19 ¶ A Greeting to the National Aviation Forum. January 24, 1939

*To the National Aviation Forum:*

CIVIL AVIATION is clearly recognized as the backlog of national defense in the Civil Aeronautics Act which set up the effective machinery for a comprehensive national policy with respect to the air.

## *20. Chilean Earthquake*

Underlying the statute is the principle that the country's welfare in time of peace and its safety in time of war rest upon the existence of a stabilized aircraft production, an economically and technically sound air transportation system, both domestic and overseas—an adequate supply of well-trained civilian pilots and ground personnel.

This new national policy set up by the Congress views American aviation as a special problem requiring special treatment. Aviation is the only form of transportation which operates in a medium which knows no frontiers but touches alike all countries of the earth.

One fact which stands out is that hardly another civil activity of our people bears such a direct and intimate relation to the national security as does civil aviation. It supplies a reservoir of inestimable value to our military and naval forces in the form of men and machines, while at the same time it keeps an industry so geared that it can be instantly diverted to the production of fighting planes in the event of national emergency.

I hope the forthcoming national aviation forum will give serious thought to the many phases which enter into aeronautics as a national problem.

## 20 ¶ A Message to the President of Chile on the Occasion of the Earthquake in Chile.

January 26, 1939

I REQUESTED Ambassador Armour this morning in view of the tragic disaster which had befallen your country to ascertain from the authorities of Your Excellency's Government what assistance this Government might render. Ambassador Armour informed me that it was believed that serums, dried milk and clothing were urgently required.

As a preliminary step the American Red Cross has already telegraphed \$10,000 to the Chilean Red Cross after learning that such assistance would be of service, and has already arranged

## 21. *Expansion of the Air Force*

for a large quantity of serums to be sent by the Pan American Airways leaving Miami Saturday.

In accordance with my instructions a Douglas twin-engine bomber of the United States Army is leaving the Canal Zone immediately carrying serums, powdered milk and certain other supplies. The Field Director of the American Red Cross in the Canal Zone is leaving on the plane in order to offer his services and to ascertain personally in what further way the American Red Cross may be of help.

The Civil Aeronautics Authority is cooperating actively and has authorized the Pan American Grace Airways to take planes off scheduled runs in order to utilize them in the emergency. I have been informed that already three of their planes are engaged in this work. The War Department has planes available and ready to fly supplies from the Canal Zone, and other planes are ready at Langley Field should it be necessary to use them.

We are all particularly impressed with the splendid spirit of courage and fortitude which the people of Chile have exhibited in this catastrophe as well as the manner in which the authorities have organized to meet the national emergency.

I shall welcome any information Your Excellency may send me as to any further ways in which this Government may be of assistance. We are desirous of doing everything within our power to be of help.

(See also Item 23, this volume, for appeal to help earthquake sufferers in Chile.)

## 21 ¶ The President Asks for Funds to Expand the Air Force of the United States.

January 26, 1939

*To the Speaker of the House of Representatives:*

I HAVE the honor to transmit herewith for the consideration of Congress three supplemental estimates of appropriation, totaling \$50,000,000, for the fiscal year ending June 30, 1939, to remain

## 22. *The Sixth Birthday Ball*

available until June 30, 1940, for the War Department, to provide in part for the national defense program recommended by me to Congress in my message of January 12, 1939.

The details of these supplemental estimates of appropriation, the necessity therefor and the reasons for their transmission at this time are set forth in the letter of the Acting Director of the Bureau of the Budget transmitted herewith, with whose comments and observations I concur.

Respectfully,

(See Item 8, this volume, for the message on national defense to which reference is made in the foregoing letter.)

## 22 ¶ Radio Address on the Occasion of the President's Sixth Birthday Ball for the Benefit of Crippled Children. January 30, 1939

I LIKE to think that the celebrations being held from one end of the country to the other tonight are an indication of the national determination to wage unending warfare against a national peril.

We are all engaged in a campaign which, because of special circumstances, requires that our effort shall be nationwide, unified and continuous. Infantile paralysis is an enemy which neither slumbers nor sleeps. It lurks in hidden places and strikes without warning whether the victim be child, or youth, or man or woman of mature years.

I emphasize the importance of a nationwide, continuous campaign because experience tells us that epidemic diseases can be stamped out only through carefully directed work on a nationwide scale. We need, therefore, the cooperation of every state and county, every city and town, every hamlet and crossroads community in this work. Only by such cooperation has tuberculosis been brought under control in our lifetime. Only by the

## 22. *The Sixth Birthday Ball*

same concerted action will the scourge of infantile paralysis be stamped out.

I should like to say just a word about the National Foundation for Infantile Paralysis. Not yet two years old, it is a mature and efficient organization working industriously to perform its functions with but one objective—the banishment of infantile paralysis. Last year the National Foundation received all of the net proceeds of the birthday parties for its national work.

This year fifty per cent of the net proceeds of tonight's parties will go to the National Foundation for Infantile Paralysis. But the remaining fifty per cent will be spent in the communities where the money is being raised. The funds will be administered through county chapters of the National Foundation. These chapters will be composed of those chairmen who have worked so hard to make this year's drive the success we all anticipate, and those other members of the communities whose association with medicine, public health activities and other agencies give them special equipment to supervise infantile paralysis relief work in local communities.

While the county chapters extend local assistance to victims, especially those who are without funds, the National Foundation must carry on with equal persistence the work of tracking the germ of the disease to its source.

We believe that this basis of the division of funds will also afford a well balanced division of activity between the central organization and the far-flung county communities. Thus while the central organization directs the broad work of research and care and treatment, local relief will be carried out through county chapters in accord with the American principle of local self-determination.

In thanking all who have made possible the widespread celebrations being held tonight—I am informed that some twenty-five thousand events are being carried out—may I, in passing, speak of one phase of this campaign which touches me personally. I refer to the fact that these celebrations to raise funds are

### 23. *Chilean Earthquake*

being held on my birthday. I consider that as only an incident and not a very important incident at that.

By this I do not mean that I am insensible of the honor which the selection of my birthday for this effort implies. I am deeply appreciative of that honor and feel in my heart a joy greater than I can express that in this year, as in previous years beginning with 1934, my birthday should be chosen as a pivotal date around which this splendid campaign should move.

The point I wish to make is that the really important thing is the work itself. For that noble work one day is as good as another. The ideal we strive for is to work every day in the task which is ours to achieve.

Again, as in previous years, I must take this means of thanking the vast army who have worked for the success of this campaign. Their very number, greater than ever will be known, precludes individual acknowledgment. My thanks go to all who have made contributions, either directly or indirectly, whether through patronage of the parties, in contributing to the March of Dimes, or aiding this great work by other means. And I desire, also, to express my heartfelt appreciation to the thousands and thousands of friends who have sent birthday greetings.

With my thanks to all of my countrymen goes from the depths of my soul a prayer that God will bless the work and the workers. The good cause must go on.

## 23 ¶ An Appeal by the President to Help the Earthquake Sufferers in Chile.

January 30, 1939

THE EFFECTS of the catastrophe which has overtaken the people of Chile become hourly more serious. The need for hospital supplies, food and clothing is imperative. Perhaps greater than all else is the need for prompt and practical help that may

### 23. *Chilean Earthquake*

further strengthen the magnificent morale shown by a people afflicted by an appalling calamity.

It is desirable not only to make the best effort we can to help our friends and neighbors who are in distress, but to make this effort in the most effective way. Therefore I urge all those individuals, institutions and organizations whose sympathies are aroused by the grief and suffering of thousands of individuals in Chile to coordinate their efforts and to make their contributions through the American Red Cross which, from the outset of this disaster, has been giving assistance through its sister society, the Chilean Red Cross.

Some days ago I instructed the United States Army and Navy to cooperate in every practical way. Since medicines and other hospital supplies are of paramount importance, I am glad to say that United States Army planes have already landed in Chile with emergency medical supplies. This cooperation on the part of this Government will be continued.

In accordance with their traditional practice, the American people will surely wish to give such assistance as they can to peoples of other lands who are in distress, particularly when, as in the present case, those suffering from disaster are the nationals of an American republic bound to the people of the United States by close ties of understanding and of friendship. The Chilean disaster is of such tragic proportions as to merit the most prompt and generous response from the American public.

(See Item 20, this volume, for the aid advanced to the earthquake sufferers in Chile.)

## 24 ¶ A White House Statement on the New Committee to Study the Applicability of Civil Service Principles to Professional, Scientific and Technical Government Positions.

January 31, 1939

PRESIDENT ROOSEVELT announced today that upon the advice and with the approval of a majority of the Civil Service Commission he had modified Executive Order No. 7916 of June 24, 1938, in order to provide additional time in which the Commission might reach agreement with the executive agencies of the Government on the scope of certain positions to be affected by such orders.

It is estimated that the new Order will affect less than 10 per cent of the positions to be brought under Civil Service on February 1, 1939, by Executive Order No. 7916. The remaining 90 per cent or more will be brought in the Civil Service on that date under the terms of the Original Order. Final determination as to precisely which administrative and technical positions will be temporarily removed from the operation of Executive Order No. 7916 is to be made by the Civil Service Commission in accordance with the new Order. It is contemplated that those comparatively few positions as to which Executive Order No. 7916 is postponed for the time being will be brought into Civil Service as soon as the committee works out adequate methods for the selection and promotion of the personnel for such positions.

At the same time, he announced, through the new Executive Order, the appointment of a committee of seven outstanding advocates of Civil Service reform and the improvement of Government personnel, to make a thorough study, in conjunction with the Civil Service Commission, of the best way of applying Civil Service principles to the professional, scientific and certain administrative and other technical positions in Government service.

The members of the committee are:

Mr. Justice Stanley Reed of the Supreme Court, Chairman;  
Mr. Justice Felix Frankfurter of the Supreme Court;  
Attorney General Frank Murphy;

#### 24. *Committee to Study Civil Service*

William H. McReynolds, Administrative Assistant to the Secretary of the Treasury;  
Mr. Leonard White;  
General Robert E. Wood;  
Mr. Gano Dunn.

All of the members of the committee have long advocated the improvement of the Civil Service or have had wide experience with the selection of personnel for professional, scientific, or commercial positions. . . .

In taking this action, the President called attention to Section 2 of the Order of June 24 which directed the heads of all departments and independent establishments, including corporations owned or controlled by the Government, to "certify to the Civil Service Commission for transmission by it with its recommendations to the President the positions in their respective departments or agencies which in their opinion should be excepted" from the provisions of the Order as policy determining or for other reasons. The President said that the recommendations and certification called for have been received, but that the burden of preparing for the covering-in of other positions had not given the Civil Service Commission and the executive agencies concerned sufficient time to study and reach agreement on their respective recommendations.

The committee selected by the President will study the many diverse problems presented in the recruitment and promotion of professional, administrative and other technical personnel for the various Government departments and agencies. The President believes that such a study will result in an informed and wise extension of the merit system and the application of higher standards in the selection and promotion of such Government personnel.

*NOTE:* The purpose of this order is explained in the note to Item 79 of the 1938 volume.

The committee which I appointed met from time to time, had hearings, and considered much material and many special studies by experts in and outside the

federal government.

The committee submitted its report to me in February, 1941; and on February 24, 1941, I transmitted it to the Congress, with a message which will be printed in the 1941 volume of *The Public Papers and Addresses*.

25 ¶ The Five Hundred and Twenty-third Press Conference (Excerpts). February 3, 1939

*(Statement of foreign policy—Secrecy regarding information from foreign sources—Incorrect newspaper versions of presidential conference with Senate Foreign Relations Committee; “The American frontier is on the Rhine”—Nomination of Judge Roberts of Virginia and Mr. Amlie.)*

Q. Mr. President, some people seem to have some difficulty understanding foreign policy. Have you any intention of getting down to the elementary A, B and C’s in a statement, or speech or fireside talk in the near future?

THE PRESIDENT: Well, let us do a little analyzing for the benefit of some people. In the first place, the foreign policy of the United States has been thoroughly covered in my Messages to Congress, completely and adequately covered in every way. No. 2, there is nothing new about it. No. 3, a great many people, some members of the House, some members of the Senate and quite a number of newspaper owners, are deliberately putting before the American people a deliberate misrepresentation of facts—deliberate.

I had always supposed, and I still believe, that the foreign policy of the United States should not be involved in either legislative or party or newspaper politics. In other words, I do not think that the 1940 campaign should enter into the problem either of foreign policy or of American defense in the year 1939. All you have to do is to read stories and headlines to realize that pure guesses dressed up have become, in the next step, statements of fact.

I have in front of me, oh, about eight or ten different newspapers. There isn’t one story or one headline in all of those papers that does not give, to put it politely, an erroneous impression—not one. It is a rather interesting fact. These things have been manufactured by deliberate misrepresentation of facts, existing facts.

*25. Five Hundred and Twenty-third Press Conference*

The foreign policy has not changed and it is not going to change. If you want a comparatively simple statement of the policy, I will give it to you and Kannee can copy it out afterwards:

Number 1: We are against any entangling alliances, obviously.

Number 2: We are in favor of the maintenance of world trade for everybody—all nations—including ourselves.

Number 3: We are in complete sympathy with any and every effort made to reduce or limit armaments.

Number 4: As a Nation—as American people—we are sympathetic with the peaceful maintenance of political, economic and social independence of all nations in the world.

Now, that is very, very simple. There is absolutely nothing new in it. The American people are beginning to realize that the things they have read and heard, both from agitators of the legislative variety and the agitators of the newspaper owner variety, have been pure bunk—b-u-n-k, bunk; that these agitators are appealing to the ignorance, the prejudice and the fears of Americans and are acting in an un-American way.

You will also notice that quite a number of them are receiving the loud acclaim, the applause, of those governments in the world which do not believe in the continued independence of all nations.

I think that covers it pretty well.

Q. Mr. President, did the Rome Embassy report to you that the Italian Government is going to change the name of Via Woodrow Wilson to Hamilton Fish?

THE PRESIDENT: All I can say is that that is rather joyous.

Q. Is it possible then, in connection with this, to clarify the differences in interpretations that have been coming from the conferences you have had? In other words, can you now give us exactly what happened there?

THE PRESIDENT: I don't believe I could without asking them on the Hill what they think about it.

*25. Five Hundred and Twenty-third Press Conference*

Now, on the question of secrecy, that also is 100 per cent "bunk."

Q. In what way?

THE PRESIDENT: In this way: I will ask you a question: Do you think that—suppose I had information which came in through the intelligence service, that such and such things were going on in such and such a country. There are no names, no way of proving the information before a court; and yet it is information which, because it has been checked from two or three different sources, looks to be, as far as we can tell now, reasonably true.

Now, suppose I held a press conference every day and gave out information of that kind to the public. In the first place, we are not definitely sure of it; it would be almost like certain stories that you read—many of them are true, many of them turn out later on not to be true. In the second place, giving out information of that kind would completely terminate the possibility of getting future information, because the sources of the information would be immediately blocked.

Now, in that conference the other day, I told them of some things, information of that type, which we at the present time believe to be true but it is not the kind of thing to write a newspaper story about because it may not be true. It is merely our best slant as of today. It may be changed in two weeks or a month from now by other information.

That is the only element of secrecy that has entered into either of the conferences, either with the Senate Committee or the House Committee. I told them both one or two pieces of matters—you would not even call it information—that have been reported to us, which we have reason to believe are true. Now, that is the only element of secrecy in either of those conferences. The rest of the conferences related solely to what I have just given you.

Q. One of the principal items of the conference is that you are

*25. Five Hundred and Twenty-third Press Conference*

supposed to have told some of the conferees that the Rhine was our frontier in the battle of democracies versus fascism.

THE PRESIDENT: What shall I say? Shall I be polite or call it by the right name?

Q. Call it by the right name.

THE PRESIDENT: Deliberate lie.

Q. That goes, too, for the French?

THE PRESIDENT: Yes.

Q. May we quote that?

THE PRESIDENT: Yes.

Q. Was there any discussion of the manner in which the purchase of planes by France and Great Britain would be financed?

THE PRESIDENT: Well, they asked in both conferences — the question has been asked about ten times before, "Are they going to be paid for in cash?" I said, "Yes." That is all; there is no further discussion.

Q. Will the R.F.C. help them?

THE PRESIDENT: No.

Q. You indicated a moment ago that in these fourteen or fifteen newspapers you have on your desk there was an impression given, erroneously, as I understood it, in practically every paper. Did your reading of those papers go far enough to convince you of what may be the motive of fifteen or more of our newspapers on a given day writing erroneous information —

THE PRESIDENT: [interposing] Oh, Fred [Essary], that is a very long subject. You know perfectly well that a story that starts as a story — "it is learned from reliable sources," that kind of a thing, or "it is believed," "sources close to the President suggested," etc., and so on.

Now, when that story goes out, you are all covered by making that qualification, but the fellow who writes it up the next day, either in the editorials or in the subsequent news stories, leaves out your qualifying phrases. We have all

*25. Five Hundred and Twenty-third Press Conference*

had that happen. There isn't a person here who hasn't had that happen. That is the mechanics of journalism, and that is what happened in this case.

I read, for instance, a compendium or consensus of editorial opinion I have here, and you will find that every one of those editorials put down as facts what you boys had said, "it was learned from so and so but it was contradicted by somebody else," or "it is understood that at the conference the President did this, that or the other thing." Now, in these editorials there isn't one that does not take those qualified statements as facts, and that is one of the troubles with our newspapers today.

The public understands pretty well when it is said that such and such a thing is learned on good authority, or it has been suggested by White House sources, or things like that. They understand that that is not news, it is only a rumor of news. It does not make anybody sore; it is part of our system of a free press; and it is primarily all right and the public is getting more and more discriminatory, which is fine.

Q. The thing that impresses me most about your observation is that the things that we are writing or our editors are writing, and our publishers are publishing, are being applauded abroad. There seems to be something sinister about the way what we are writing is getting foreign applause.

THE PRESIDENT: That follows out the statement that the American frontier is the Rhine. Some "boob" "got that off"; I don't think it was a member of the Press. That was applauded in France. There were editorials about it; newspaper stories about this great thing that the President had said, and it was attacked in Germany, and it was attacked in Italy. It was applauded in London. In other words, the attack and the applause are again based on a misstatement of fact. Now, what can I do about it?

Q. Have somebody in the Senate give the correct version.

THE PRESIDENT: No, you have the correct version. I just gave it to you.

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Q. Do you doubt that somebody said that?

THE PRESIDENT: I doubt it very much. I would like to have that traced down and find out who it was, and if you can get him, Earl [Godwin], and bring him down here and let me ask him "Did you say that?"

Q. Do you doubt somebody said that to a newspaper man?

THE PRESIDENT: Yes, I believe somebody did say it, but I would like to have you bring that fellow down here. That would be very good.

Q. Mr. President, do you think that that catch phrase sums up the situation?

THE PRESIDENT: What phrase?

Q. "The American frontier is on the Rhine."

THE PRESIDENT: Of course not.

Q. There is another manner in which that can get into print and that is by somebody in the conference making that remark to you. Could that happen, or did it happen?

THE PRESIDENT: No, the remark was not even made to me.

Q. Are you going to withdraw the name of the Virginia judge? [Meaning Judge Roberts whose confirmation was being held up by the Senate. See Item 28, this volume]

THE PRESIDENT: No. On the Virginia judge, the Senate, of course, has not taken action, but if the Senate should refuse confirmation it is my plan to write a letter to Judge Roberts and that letter, I think, will be quite interesting.

Q. Would that same course be followed in case Mr. Amlie's appointment or nomination were not confirmed.

THE PRESIDENT: I do not know at all; I haven't thought of it.

Q. You are not withdrawing the Amlie nomination?

THE PRESIDENT: No.

26 ¶ Extemporaneous, Informal Remarks at Dinner of the Trustees of the Franklin D. Roosevelt Library, Inc., Washington, D.C.

February 4, 1939

*Mr. Chairman, ladies and gentlemen:*

I THINK I speak for a large number of people at the table who have the diffidence of amateurs in the presence of great scholars. A number of you at the tables have said to me, "Why, we are out of place with these presidents of universities and leaders of learned societies and historians of world renown." I felt that way a little until a few minutes ago it occurred to me that I probably occupied an important historical position at an earlier age than any of you because, when I was twenty years old, I was elected the librarian of the Hasty Pudding Club in Cambridge, Massachusetts. That was the beginning of a great many years of what my family has called the bad habit of acquisitiveness.

When I was the librarian of the Hasty Pudding Club, I had a small fund at my disposal—I think it was \$400 a year—to buy books for the Hasty Pudding library. Probably the man who is more responsible for my collecting instincts than anybody else—he is long since dead but possibly a few of the older people here will remember him, but not if you are younger than Mr. Morison or Felix Frankfurter, who is six months younger than I am—was an old man named Chase, who ran the bookstore for N. J. Bartlett and Company at Cornhill in Boston.

I went to Mr. Chase and I said to him, "I have this fund; I know nothing of what I should buy." And he said, "I am going to give you a course in liberal education on books of all kinds." And I proceeded to buy under his guidance, first for the Hasty Pudding Club and the following year for the Fly Club, books that in those days were very cheap but on which, if they were to be sold tomorrow, either Club would realize a very handsome profit. For example, I bought a complete set of Dickens' Christ-

mas books for \$28. What would they bring today, not just first editions, but first issues? You know what that is. That was the beginning.

One of the first things old man Chase said to me was, "Never destroy anything." Well, that has been thrown in my teeth by all the members of my family almost every week that has passed since that time. I have destroyed practically nothing. As a result, we have a mine for which future historians will curse as well as praise me. It is a mine which will need to have the dross sifted from the gold. I would like to do it but I am informed by the professors that I am not capable of doing it. They even admit that they are not capable of doing it. They say that they must wait for that dim, distant period which Dr. Ford has suggested, when the definitive history of this particular era will come to be written.

I always remember an episode in 1917. It occurred at the White House. I was Acting Secretary of the Navy and it was the first week in March. It was perfectly obvious to me that we were going to get into the War within the course of two or three weeks, depending entirely on when the first ship flying the American flag was sunk by the unlimited submarine warfare of Germany. I went to see the President and I said, "President Wilson, may I request your permission to bring the Fleet back from Guantanamo, to send it to the Navy Yards and have it cleaned and fitted out for war and be ready to take part in the War if we get in?" And the President said, "I am very sorry, Mr. Roosevelt, I cannot allow it." But I pleaded and he gave me no reason and said, "No, I do not wish it brought north." So, belonging to the Navy, I said, "Aye, aye, sir" and started to leave the room. He stopped me at the door and said, "Come back." He said, "I am going to tell you something I cannot tell to the public. I owe you an explanation. I don't want to do anything, I do not want the United States to do anything in a military way, by way of war preparations, that would allow the definitive historian in later days — these days — to say that the United States had committed an unfriendly act against the central powers." I said,

"The definitive historian of the future?" He said, "Yes. Probably he won't write until about the year 1980 and when he writes the history of this World War, he may be a German, he may be a Russian, he may be a Bulgarian—we cannot tell—but I do not want to do anything that would lead him to misjudge our American attitude sixty or seventy years from now."

Dr. Ford has spoken of the new processes of democracy. I am glad he did because it is true that nowadays news moves faster than ever before. We have vehicles of communication that we never had before. It is true that where my predecessor received 400 letters a day on the average, I receive 4,000, but that is only a part of the story. We are able to get our ideas across from one end of the earth to the other in much shorter time than even ten or twelve years ago. Some of us not long ago, in September, listened on a Monday afternoon, at two o'clock, to the personal voice of the leader of the German State, who made an amazing speech in the Sports Palace. The next day the American people, at the same hour, heard the quite sober, appealing and rather pathetic voice of Neville Chamberlain telling his democracy and a great many other democracies the story that the English-speaking peoples had to tell.

There are a great many things besides mere documents and I hope very much that in this collection that is to be got together, we shall have not merely letters and the written words but we shall also have, as a part of the collection—perhaps not kept here but kept in the National Archives under the same general supervision of the Archivist—the spoken word that is being recorded in every country, and recorded in such a way that the records can be permanently maintained for posterity. In other words, the human, the individual factor will enter into the writing of modern history far more greatly in the future than it has in the past.

In the same way, there are other things that need preservation as, for example, the give and take of the controversial Press. After all, it is all controversial and should be. There should be a record to show that form of communication to our own

people and to all the world during the actual happening of each event.

In these papers there are a great many things about which I have said little, but the future value of which I already begin to recognize, although a few years ago I would not have thought much about them. Take, for example, from the purely political angle, the method of the appointment of postmasters from 1913 to 1920. It seemed a small thing then, a rather petty thing which took a great deal of my time because, at that time, I was distributing the post office patronage of up-State New York. I happened to be going through some of those files the other day. They form an interesting historical record of appointments in that particular type of public service. They reveal the progress that we have made in twenty-five years. They show how in those days 90 per cent to 95 per cent of all the appointments of what is, very nearly, the largest appointive group in the Government service was almost wholly political, almost wholly based on the recommendations of the local political leaders of the moment, backed up by petitions from eminent citizens, all of one party. In a very few years, that will form such a contrast with the modern method of applying to a much larger extent the merit system — the civil service method — that it will prove the advances that we have made, even in a quarter of a century.

Another reason that occurred to me the other day, another need for putting some of this material in order, related to some of the Naval papers. Captain Knox, who has been getting out a series of publications of the early Naval records, and who has completed the record of our war with France, to which I contributed some of my manuscripts and material, wrote to me to ask for my manuscript material relating to the first two years of the war between the United States and the Barbary Coast, 1804 and 1805. I wrote back to him that I would immediately look for them and send them over to him to see if they would be of any use in the publication of these new volumes. Well, I could not find them. They are in the White House, I am sure they are there, but I spent at least one hour looking for them and

## 26. *Franklin D. Roosevelt Library*

I could not find them. In other words, there it is, the mislaying of somewhat valuable manuscript material relating to a period in our early history that has never been adequately covered from a documentary point of view. Some day, when Dudley Knox or his successor asks for material relating to our war with Quallah Battoo (Sumatra) in 1832, we shall be able to find the material that I happen to have in regard to that very important conflict and the very important diplomatic result that came out of that conflict because, as some of you know, it was largely as a result of it that we undertook first to open up China and then to open its doors.

And so it goes. It is a very conglomerate, hit-or-miss, all-over-the-place collection on every man, animal, subject or material. But, after all, when it is put together and indexed under proper supervision, I believe it is going to form an interesting record of this particular quarter of a century or, as Uncle Henry would say, half century to which we belong.

There is one other subject that has not been mentioned, which I have a certain amount of diffidence in mentioning to the persons concerned. There have been gathered here in Washington for the last six years a very large number of men and women who have left their private occupations and come here to Washington to do service for their Government. They have occupied positions of great importance in the Nation in almost every line of Government activity. Whether those lines covered too many fields is a question for the Congress to determine and not for us, but the fact remains that they have come here; they have rendered splendid service; they have accumulated, each and every one of them, a large personal mass of historical material. Now, I hesitate to speak to any of them and suggest that they could supplement this collection that is to go to Hyde Park by the presentation of their own papers and yet I am perfectly certain that sitting here at the table are good people who, perhaps, may not have any other disposition of their personal papers in mind, who may not wish to leave them to their own children, who may not have some particular college library to which to give them. With this substantial building and with the

possibility of adding to its future contents at some future time — and with the aid of the Treasury Department that is one thing we are planning for in case it is needed — I am in great hopes that a large amount of other material will find its way ultimately to this library at Hyde Park.

There are, for instance, records which should not be published at the present time. For example, there are very confidential shorthand records of the conversations during the past two or three years between the Secretary of the Treasury and the Chancellor of the Exchequer in London and the Minister of Finance in Paris, two-way and sometimes three-way conversations over the transatlantic radio telephone. The only records of those conversations are probably the secret records taken down in the office of the Secretary of the Treasury, in the office of the Chancellor of the Exchequer, and in that of the Minister of Finance. Now, obviously, records of that kind of private conversations should not be disclosed today, even to a Senatorial committee. There is, however, no reason why they should not be disclosed to the public after a reasonable number of years have elapsed. I have been asking Henry Morgenthau, Jr., and he says that obviously the place to put records of that kind, after this Administration is all through, is in a collection that represents original material of the period. There is a great deal of that.

There are a great many people connected with the Administration who, I think, will be very, very glad to use Hyde Park as a depository for their documents and their original material.

However, as I say, that is not a thing I like to speak about to them in person lest they might think they have to say, "Yes," where perhaps they had some other plan in mind. I think all persons in the Administration should feel wholly free to do as they wish to do with their own papers that do not belong to the Government. On the other hand, if they all know that at Hyde Park there exists a place where they can send them for the permanent care for the benefit of the public and under the control of the Government itself, I think it will be of great additional value to this collection we are making.

The plans — are you going to speak about the plans again?

## 27. *Works Progress Administration*

CHAIRMAN LELAND: I think not, unless you would like to have them presented.

THE PRESIDENT: No, but if anybody would like to see the first sketch plans—they are somewhat preliminary—to get an idea of the proposed location of the building and the proposed type of building, they are right here. It is not an expensive type of architecture. It is permanent, fireproof and air conditioned, whatever that may mean these days. I do not believe in it myself; however, I suppose it is good for papers and other records.

I think you will get a pretty good idea from those plans of the physical aspects of this proposed building.

And now I want to thank all of you for all you have done and are doing. I feel that this whole project, as the W.P.A. would say, is in very competent hands. May it go on. I shall, personally, have the greatest personal joy in watching that building go up and, especially, in watching the trucks, the Army trucks from Washington, D. C., when they begin to roll into the drive and put those things where they will stay for a great many years.

(For further discussion of the Franklin D. Roosevelt Library, see Item 156 and note, 1938 volume.)

## 27 ¶ The President Recommends Additional Appropriations to Avoid Drastic Reduction in the Rolls of the Works Progress Administration. February 7, 1939

*To the Congress:*

ON SATURDAY, February fourth, I approved House Joint Resolution No. 83 which appropriates \$725,000,000 to continue the operations of the Works Progress Administration for the remaining five months of the current fiscal year.

I would have withheld my approval of this legislation on the

## 27. *Works Progress Administration*

ground of its inadequacy to meet human need and I would have immediately asked for a larger sum if it had not been for the provision that there shall not be a reduction of more than 5 per cent of the number of employees on Works Progress projects prior to April 1, 1939.

This proviso leads to the conclusion that the Congress stands ready during the balance of February and the month of March to reconsider actual needs in time to increase before April 1 the appropriation for the last three months of the fiscal year.

In my message to the Congress on January 5, 1939, I recommended a supplementary appropriation of \$875,000,000. This was based on a program to give employment to 3,000,000 workers during February and March and to reduce this employment to an average of 2,700,000 workers in June. This estimated reduction of 300,000 workers by June took full cognizance of the economic recovery which might reasonably be anticipated.

Because it has been necessary during the first week of February to utilize all working capital and pay roll reserves normally maintained to protect the funds of the United States against over-obligation, it will also be necessary immediately to re-establish these reserves from the supplementary appropriation.

The net amount available to finance the Works Progress Administration from February 1 to June 30 is therefore \$725,000,000.

In discussing the employment that can be provided for five months with \$725,000,000 first consideration is given to the Winter months of February and March. The Joint Resolution requires that reduction in employment in those months shall not exceed 5 per cent which reduction, if carried out, would mean the discharge of 150,000 employees.

However, I call your attention to the fact that the rolls have already been reduced by 350,000 since the last week of last October. As no new assignments have been made during this period, there has been a large accumulation of able-bodied people certified to us as in need of relief—people, however, who have not been able to secure places on the work program.

## 27. *Works Progress Administration*

The need of these people is so apparent and so deserving that the rolls, in human decency, ought not to be reduced during February and March by even 5 per cent. After conferences with the Works Progress Administration it has been determined for the above reason to hold the rolls at the present figure of 3,000,000 persons during these two months.

To employ these 3,000,000 people at the prevailing average monthly cost of \$61.00 will require an expenditure of \$366,000,000.

This will leave \$359,000,000 for the months of April, May, and June.

Under the terms of the Joint Resolution this sum must be apportioned over the entire period to June 30. The Administrator will have at his disposal an average of approximately \$120,000,000 per month for these three months—providing an average employment of slightly less than 2,000,000 persons.

Two alternatives under the Joint Resolution are open to the Administrator. The first is to reduce the rolls abruptly by 1,000,000 persons on the first of April and provide an average employment of 2,000,000 persons during the ensuing three months. This would result in throwing this very large number of persons out of employment suddenly. Such a number cannot possibly be absorbed by private industry in time to prevent extreme distress.

And I call your attention to the fact that on the average every person discharged from the rolls has dependent on him or her three other persons. In other words the greater part of 4,000,000 Americans will be stranded.

The second alternative is to commence a week-by-week reduction on April 1 and to carry this reduction through to June 30. Even on the assumption that all reserves which under proper governmental procedure should be maintained, were completely expended by June 30, such reduction would require that employment by the end of June will be reduced to a figure well below 1,500,000 persons.

In other words the program of present employment would be

## 27. *Works Progress Administration*

slashed considerably more than one-half within a period of three months.

If, however, proper reserves were maintained at the end of the fiscal year, employment at the end of June would drop still further—to a figure of only slightly more than 1,000,000 persons.

Therefore, on a program of gradual reduction, from 1,500,000 to 2,000,000 persons would be thrown out of Works Progress Administration employment—or, with the addition of those dependent on them, from 6,000,000 to 8,000,000 Americans would no longer receive Federal government aid.

I ask that the Congress commence immediate consideration of these simple and alarming facts. The operations of the Works Progress Administration are of such magnitude that if a reduction such as I have above described has to be carried out, orderly and efficient planning requires that this be known definitely by the first week in March. It is equally important that the executive branch of the government be informed at the earliest possible moment what additional funds, if any, will be available on and after April 1.

I invite the attention of the Congress to the fact that my recommendation for the larger amount was made to the Congress on January 5 and the Joint Resolution providing for a much reduced appropriation was presented for my consideration more than four weeks later.

In view of the foregoing considerations, I report to the Congress that in my opinion an emergency now exists, and that the facts constituting such emergency are as follows:

a) That the rolls of the Works Progress Administration should be held at the present figure of 3,000,000 through the winter months of February and March to prevent undue suffering and to care in part for those persons who have been certified as in need, but have not been given employment.

b) That the funds which have been provided by the Congress, if not supplemented, will require a very drastic reduc-

## 28. *Confirmation of Appointments by Senate*

tion in the Works Progress Administration rolls commencing April 1, 1939, which would result in removing people from the work program in numbers far beyond those that could be absorbed by industry with any conceivable degree of recovery. Widespread want or distress would inevitably follow.

c) That the need for orderly planning of the Works Progress Administration program requires that the Administrator should know by the early part of March what funds will be at his disposal after April 1 and that, due to the time required for Congressional action, this can be brought about only by my reporting to the Congress on the situation at this time.

I therefore recommend to the Congress immediate consideration of legislation providing an additional sum of \$150,000,000 for the Works Progress Administration to be available in the balance of the current fiscal year.

*NOTE:* The appropriation for work relief which I had requested on January 5, 1939, had been reduced from \$875,000,000 to \$725,000,000 (see Item 5, this volume).

A few days after I signed that reduced appropriation bill, I sent the foregoing message which is self-

explanatory; and requested an additional sum of \$150,000,000. No action was taken on this recommendation up to March 14, 1939, at which time I again communicated with the Congress (see Item 42 and accompanying note, this volume).

28 ¶ A Letter on the Constitutional Role of the Senate in Confirming Presidential Appointments—and on Its Occasional Misuse by the Senate. February 7, 1939

*My dear Judge Roberts:*

I FEEL that in justice to you and your family I should write to you in regard to the refusal of the Senate to confirm your appointment as United States District Judge for the Western District of Virginia.

## *28. Confirmation of Appointments by Senate*

First of all, I tender you my thanks for the honorable, efficient, and in every way praiseworthy service that you have rendered to the people of the United States in general and to the people of the Western District of Virginia in particular.

Second, I wish it known that not one single person who has opposed your confirmation has lifted his voice in any shape, manner or form against your personal integrity and ability.

In order that you may know the full history of what has occurred, I take this opportunity to summarize the story.

On March 17, 1938, I received a letter from Senator Glass enclosing a clipping from a local Virginia paper. This newspaper article, quoting an editorial in another local Virginia paper, made the assumption that it would henceforth be necessary to receive the backing of Governor Price of Virginia before any Virginian could hope for a Federal appointment.

Senator Glass in his letter asked if Federal appointments, for which Senate approval was necessary, would be subjected to the effective veto of the Governor of Virginia.

To this I replied on March 18th, explaining to the Senator the difference between the appointive power, which is in the President, and the power of confirmation, which is in the Senate. I pointed out to the Senator that time-hallowed courtesy permits Senators and others to make recommendations for nomination, and, at the same time, that every President has sought information from any other source deemed advisable.

On March 19th Senator Glass wrote me again, covering his construction of Article II of the Constitution, and asking me again as to the accuracy of the newspaper statement. He winds up by saying, "The inference is, of course, that you approve the offensive publication which was the basis of my inquiry."

I replied to this letter from the Senator on March 21st in a personal and friendly vein. I stated that I was glad that we seemed to agree in our construction of the Constitution. I told him that I was not in the habit of confirming or denying any newspaper article or editorial. Obviously if I were to begin that

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sort of thing, I would have no spare time to attend to my executive duties.

I told the Senator to go ahead as before and make recommendations; that I would give such recommendations every consideration; but that I would, of course, reserve the right to get opinions from any other person I might select. I ended by asking the Senator to forget the newspaper article and wished him a good vacation and expressed the hope that he would come to see me on his return.

Subsequent to this date, I received a number of recommendations for the position of United States District Judge for the Western District of Virginia — among them recommendations in behalf of two gentlemen from Senator Glass. I am not certain whether these recommendations were at that time concurred in by the Junior Senator from Virginia, but this is possible. Other recommendations were received from citizens of Virginia to a total number, as I remember it, of five or six.

The Attorney General was asked by me to report on these recommendations, paying attention as usual to the qualifications of each person suggested. I might add that your name was on this list but that at no time, to my knowledge, did you seek this office of Judge.

The Attorney General and I held several conferences with the result that we concluded that you were best fitted to fill the Judgeship.

As a result, I wrote on July 6th to both of the Virginia Senators stating that I had concluded to appoint you, that a number of gentlemen had been suggested for the place, but that I believed you to be the best fitted.

The following day, July 7th, I received a telegram from Senator Glass stating that he and his colleague would feel obliged to object to your appointment as being personally objectionable to them, and that a letter would follow. A few days later I received a letter from the Senator stating that he could not conceive any fair reason why one of his candidates had not been appointed.

## *28. Confirmation of Appointments by Senate*

It is worth noting that neither Senator on July 7th or subsequently raised any question as to your integrity or ability, and the only objection was that you were personally objectionable.

In regard to the original newspaper article suggesting that Governor Price had been given the veto over Federal appointments, this and similar stories are, of course, not worth answering or bothering about, for the very simple reason that no person—no Governor, no Senator, no member of the Administration—has at any time had, or ever will have, any right of veto over Presidential nominations. Every person with common sense knows this.

Your appointment followed, you took the oath of office, and have been serving with great credit as District Judge since then.

Your name was sent by me to the Senate in January 1939, together with many other recess appointments.

We come now to the last chapter. Your nomination was referred to the Judiciary Committee of the Senate and by the Chairman of that Committee to a Subcommittee of three. It appears from the record that both Senators from Virginia registered their objection with the Subcommittee saying, "This nomination is utterly and personally offensive to the Virginia Senators whose suggestions were invited by the Department of Justice only to be ignored." The Subcommittee reported back the nomination to the full Committee without recommendation, stating the raising of the matter of Senatorial courtesy and saying that this matter had not been a direct issue since 1913.

At a special meeting of the full Committee on the Judiciary, and before the Committee went into executive session, attention was invited to the presence of the Governor of Virginia, to the presence of two former Governors of Virginia, and to the presence of the nominee and his Counsel.

After lengthy discussion the Committee went into executive session, reopening the doors an hour later.

The record shows that at this time the Committee heard the Governor of Virginia in favor of the nominee and also former

## *28. Confirmation of Appointments by Senate*

Governor E. Lee Trinkle and former Governor Westmoreland Davis; also, George M. Warren, Esq., Counsel for nominee. Thereupon the Committee, instead of hearing other witnesses in behalf of the nominee, many of whom were present, moved that a list of these further witnesses be incorporated in the record without hearing them. The Committee also agreed to receive certain letters and editorials in behalf of the nominee, and, finally, a record of designations you have received from former Governors of Virginia to sit in other judicial districts, this list including many designations of you made by former Governor Harry F. Byrd.

That was followed by your own testimony.

The privilege of making the closing and sole arguments against you was accorded to the two Senators from Virginia.

Senator Glass stated that neither he nor his colleague had formally or definitely made any statement affecting your capabilities.

He proceeded to review the newspaper reports of last March, stated that he had not communicated with the Governor to ascertain whether or not the latter had authorized the publication, and spoke of his letter to me. He went on to state that the President had not answered his question up to this date, except by sending the nomination to the Senate.

You will recognize from what I have written you that as far back as last March, in reply to Senator Glass' letters, I told him categorically that I never answered any questions relating to the credibility or otherwise of newspaper articles or editorials, and I asked him to forget the newspaper article altogether. Therefore, the statement of Senator Glass to the Committee does not square with the facts.

Continuing, the senior Senator from Virginia referred to other newspaper articles which spoke of "rebukes" to the Senators. It is almost needless for me to suggest that neither you nor I pay any attention to such excuses. Finally, Senator Glass stated, "As a matter of fact, the President of the United States

## *28. Confirmation of Appointments by Senate*

did give to the Governor of Virginia the veto power over nominations made by the two Virginia United States Senators." I am sorry, in view of my long personal friendship for the senior Senator, that he has made any such statement, and I can only excuse it on the ground of anger or forgetfulness.

At the end of his speech Senator Glass says, "Mr. Cummings never had the slightest idea of giving consideration to the recommendations of the two Virginia Senators because the Governor of Virginia had been promised the right of veto on nominations that they made." Neither of these statements is true.

Senator Glass was followed by Senator Byrd who stated that your nomination was personally offensive to both Senators, in fact, "personally obnoxious."

At the very close of the Judiciary Committee hearing Governor Price stated, "Senator Glass has made a charge against me. He is entirely mistaken about it." The Governor further stated that he was not involved in the newspaper story.

The Committee thereupon abruptly closed the hearing and went into executive session, with the result, as you know, that your nomination was reported adversely to the Senate.

This brief history repeats several episodes in the history of the United States, which have occurred from time to time during the past one hundred and fifty years. In other cases nominations by former Presidents of men of outstanding ability and character have been denied confirmation by the Senate, not on the plea that they were unfitted for office but on the sole ground that they were personally obnoxious to the Senator or Senators from the State from which they came.

During this whole period Presidents have recognized that the constitutional procedure is for a President to receive advice, i.e., recommendations, from Senators.

Presidents have also properly received advice, i.e., recommendations, from such other sources as they saw fit.

Thereupon Presidents have decided on nominations in accordance with their best judgment—and in most cases basing

## 28. *Confirmation of Appointments by Senate*

their judgment on the character and ability of the nominee. In many cases, of course, the recommendations of Senators have been followed, but in many other cases they have not been followed by Presidents in making the nominations.

Thereupon, under the Constitution, the Senate as a whole—not the Senators from one State—has the duty of either confirming or rejecting the nomination.

It is, of course, clear that it was the intention of the Constitution of the United States to vest in the Senate as a whole the duty of rejecting or confirming solely on the ground of the fitness of the nominee.

Had it been otherwise, had the Constitution intended to give the right of veto to a Senator or two Senators from the State of the nominee, it would have said so. Or to put it another way, it would have vested the nominating power in the Senators from the State in which the vacancy existed.

On somewhat rare occasions the Senate, relying on an unwritten rule of Senatorial courtesy, which existed in no place in the Constitution, has rejected nominees on the ground of their being personally obnoxious to their Senators, thus vesting in individual Senators what amounts in effect to the power of nomination.

In the particular case of which you are the unfortunate and innocent victim, the Senators from Virginia have in effect said to the President—“We have nominated to you two candidates acceptable to us; you are hereby directed to nominate one of our two candidates, and if you do not we will reject the nomination of anybody else selected by you, however fit he may be.”

Perhaps, my dear Judge Roberts, the rejection of your nomination will have a good effect on the citizenship and the thinking of the whole nation in that it will tend to create a greater interest in the Constitution of our country, a greater interest in its preservation in accordance with the intention of the gentlemen who wrote it.

I am sorry, indeed, that you have been the victim. Against you not one syllable has been uttered in derogation of your charac-

29. *Boy Scouts of America*

ter, or ability in the legal profession or your record on the Bench.

Very sincerely yours,

(See Item 25, page 115, this volume, for press conference comment upon the nomination of Judge Roberts.)

29 ¶ Radio Address on the Twenty-ninth Anniversary of the Boy Scouts of America.

February 8, 1939

*Fellow Scouts:*

ON THIS, our twenty-ninth birthday, we can look backward with pride and forward with hope and courage. We rejoice that our organization has reached full maturity.

Because the Nation never had greater need of the Boy Scouts than it has today, I find peculiar satisfaction in Mr. Head's reassuring report on our progress during the past year. I am glad that our membership is greater than ever before, not from any mere pride in numbers, but because there is so much work to be done that we need all the workers we can muster.

To all who have had a part in bringing the Scouts to their present splendid standing I offer hearty congratulations. These boys, so full of promise for the future, are a national asset and therefore should be regarded as a national trust. Ours is the duty to inculcate in the Scout mind those simple but fundamental principles which embrace strength of body, alertness of mind and, above these and growing out of them, that sense of moral responsibility upon which all sound character rests.

In building up solid character we are insuring the future strength and stability of the nation. Sooner than many of us realize, the Boy Scouts of today will be full-fledged citizens to discharge for better or worse the civic duties upon which the happiness of the nation will rest.

As one who has long been active in Scout work and who feels

### 30. *Federal Planning Agency*

a special responsibility as Honorary President of the Boy Scouts of America, I like to think that faithful observance of the Scout Oath constitutes an excellent preliminary training in the duties of citizenship. I like to think of the entire Scout training as an apprenticeship for the mastery of civic duties.

I have always been a believer in the discipline and training afforded by camp life. Life in the open constitutes an ideal recreation while at the same time it encourages initiative, resourcefulness and self-confidence. On this account I am heartened by Mr. Head's announcement of the gift of a fine site for advanced camping in the Rocky Mountains. Camp life is an American tradition. It is a way of life. A generation trained in the art of camping will receive experience which I believe will give them exceptional equipment with which to cope with some of the most vexatious problems of life in the years that lie ahead.

And now, my fellow Scouts, I trust that the year ahead will be one full of achievement and useful service for all of you. I appeal to all of you to be faithful now and always to the Scout Oath and the Senior Scout Citizenship Pledge in which Dr. West is about to lead you.

### 30 ¶ A Letter on the Advantages of a Federal Planning Agency. February 11, 1939

*My dear Mr. Cochran:*

I AM sending you the enclosed "Progress Report" of the National Resources Committee because it is more than the usual annual statement of a Federal executive agency. This report reviews the problems and progress with which a planning agency has been concerned during the last five years. It demonstrates the usefulness of the kind of planning service which, as I have recommended to the Congress, should be provided as a permanent establishment within the Federal Government.

I hope that this report will be helpful to you and your col-

### 31. *Water Pollution*

leagues on the Select Committee on Government Organization in the development and enactment of appropriate legislation to provide for continuation, correlation and decentralization of planning work.

Sincerely yours,

Hon. John J. Cochran,  
Chairman, Select Committee on Government Organization,  
House of Representatives,  
Washington, D. C.

(The same letter was sent to Senator Byrnes, Chairman of the Corresponding Senate Committee.)

*NOTE:* This letter points out into effect under the Reorganization Act of 1939 by the creation of again the usefulness of a planning service as a permanent establishment within the federal government. This recommendation, which National Resources Planning Board to take over the work of the National Resources Committee (see I had made several times, was put Item 125 and note, 1939 volume).

### 31 ¶ A Recommendation that the Federal Government Aid in the Solution of the Problems of Water Pollution. February 16, 1939

*To the Congress:*

THE LAST CONGRESS recognized the national importance of pollution abatement in our streams and lakes by passing, during its closing days, an Act providing for the creation of a Division of Water Pollution Control in the United States Public Health Service and for the establishment of a permanent system of Federal grants-in-aid and loans to assist in constructing pollution-abatement projects. Although fully subscribing to the general purposes of that Act, I felt compelled to withhold my approval of it because of the method which it provided for the authorization of loans and grants-in-aid. It would have prevented the con-

### *31. Water Pollution*

sideration of such appropriations as a part of the annual budget for all purposes. My reasons are set forth in detail in my memorandum of June 25, 1938. I hope that at this session the whole problem of water pollution may again receive your attention.

To facilitate study of the problem by the Congress, I am transmitting a report on "Water Pollution in the United States," which outlines the status of pollution, the cost of bringing about a reasonable degree of abatement, and the financial, technical, and administrative aspects of such a program. The document was prepared at my request by a special advisory committee of the National Resources Committee composed of representative experts from the departments of War, Treasury, the Interior, Agriculture and Commerce, and from private and state agencies.

No quick and easy solution of these problems is in sight. The Committee estimates that an expenditure by public and private agencies of approximately two billion dollars over a period of ten to twenty years may be required to construct works necessary to abate the more objectionable pollution. Inasmuch as the needed works are chiefly treatment plants for municipal sewage and industrial waste, the responsibility for them rests primarily with municipal government and private industry. Much construction work is in progress. Many State agencies have forced remedial action where basic studies have shown it to be practicable.

Unprecedented advances in cleaning up our streams have been made possible by the public works and work-relief programs during the past six years. The report states that more progress has been made in abatement of municipal waste during that period than during the entire twenty-five years preceding, chiefly as a result of Federal financial stimulation. As in many other fields of conservation, great improvement in the Nation's basic assets of water has been incident to the fight against unemployment. If this construction work is to continue at a substantial rate, and if the necessary research, education, and enforcement activities are to be carried out most effectively, the Federal

### 32. *Energy Resources*

Government must lend financial support and technical stimulation.

It is my opinion that pending further experimentation with interstate and state enforcement activities, Federal participation in pollution-abatement should take the general form of establishing a central technical agency to promote and coordinate education, research, and enforcement. On the basis of recent experience, it should be supplemented by a system of Federal grants-in-aid and loans organized with due regard for the integrated use and control of water resources and for a balanced Federal program for public works of all types. The time is overdue for the Federal Government to take vigorous leadership along these lines.

*NOTE:* Following the foregoing message, several bills on the general subject were introduced in the Congress. Each House passed legislation with respect to water pollution control, but the conference committee could not agree on amendments. Owing to the deadlock, no action was taken during the 76th Congress, but legislation has been introduced in the present Congress.

## 32 ¶ The President Transmits to the Congress a Comprehensive Study of the Energy Resources of the United States as a Basis for Future Legislation. February 16, 1939

*To the Congress:*

IN ACCORDANCE with my request of March 15, 1938, the National Resources Committee, in consultation with the other Federal agencies concerned, has prepared a comprehensive study of our energy resources, which I present herewith for your consideration.

This report represents the joint effort of many specialists both within and outside the Federal Government. It suggests policies, investigations, and legislation necessary to carry forward

### *32. Energy Resources*

a broad national program for the prudent utilization and conservation of the Nation's energy resources.

Our resources of coal, oil, gas and water power provide the energy to turn the wheels of industry, to service our homes, and to aid in national defense. We now use more energy per capita than any other people, and our scientists tell us there will be a progressively increasing demand for energy for all purposes.

Our energy resources are not inexhaustible, yet we are permitting waste in their use and production. In some instances, to achieve apparent economies today, future generations will be forced to carry the burden of unnecessarily high costs and to substitute inferior fuels for particular purposes. National policies concerning these vital resources must recognize the availability of all of them; the location of each with respect to its markets; the costs of transporting them; the technological developments which will increase the efficiency of their production and use; the use of the lower grade coals; and the relationships between the increased use of energy and the general economic development of the country.

In the past the Federal Government and the States have undertaken various measures to conserve our heritage in these resources. In general, however, each of those efforts has been directed toward the problems in a single field: toward the protection of the public interest in the power of flowing water in the Nation's rivers; toward the relief of economic and human distress in the mining of coal; or toward the correction of demoralizing and wasteful practices and conditions in the industries producing oil and natural gas. It is time now to take a larger view: to recognize—more fully than has been possible or perhaps needful in the past—that each of our great natural resources of energy affects the others.

It is difficult in the long run to envisage a national coal policy, or a national petroleum policy, or a national water-power policy without also in time a national policy directed toward all of these energy producers—that is, a national energy resources policy. Such a broader and integrated policy toward the prob-

### *32. Energy Resources*

lems of coal, petroleum, natural gas, and water power cannot be evolved overnight.

The widening interest and responsibility on the part of the Federal Government for the conservation and wise use of the Nation's energy resources raise many perplexing questions of policy determination. Clearly, there must be adequate and continuing planning and provision for studies which will reflect the best technical experience available, as well as full consideration for both regional and group interests.

Some Federal legislation affecting the energy resources will expire at the end of this fiscal year, other legislation at the end of a few more years. This report sets forth a useful frame of reference for legislative programs affecting these resources and illustrates another approach to the systematic husbandry of our natural resources. Specific recommendations are advanced for solution of the most pressing problems.

In order to facilitate its use by the Congress, I recommend that this report be printed together with the supporting staff reports and illustrations, when these are available in final form, in conformity with similar reports prepared by the National Resources Committee.

(For further measures taken to conserve oil and regulate its production, see Items 30, 62, 95, 95A, 1933 volume; Item 90, 1934 volume; Items 21, 68 (pages 232-233), 103, 1935 volume; Items 18, 90, 1937 volume; Items 88, 97, this volume; Item 49 (page 217), 1940 volume, and accompanying notes. For discussion of the conservation and regulation of bituminous coal, see notes to Item 91, 1935 volume, and Item 73, 1937 volume. See Topical Table, 1937 volume, for electric power.)

33 ¶ The Five Hundred and Twenty-sixth Press Conference (Excerpts); at a CCC Camp in Florida. February 18, 1939

*(Warning that the threat of armed aggression is being used by "certain countries" to obtain territorial demands.)*

THE PRESIDENT: I want to get something across, only don't put it that way. In other words, it is a thing that I cannot put as direct stuff, but it is background. And the way—as you know, I very often do it—if I were writing the story, the way I'd write it is this—you know the formula: When asked when he was returning, the President intimated that it was impossible to give any date; because, while he hoped to be away until the third or the fourth of March, information that continues to be received with respect to the international situation continues to be disturbing, therefore, it may be necessary for the President to return before the third or fourth of March. It is understood that this information relates to the possible renewal of demands by certain countries, these demands being pushed, not through normal diplomatic channels but, rather, through the more recent type of relations; in other words, the use of the fear of aggression.

Q. What was that?

THE PRESIDENT: The use of the fear of aggression. Further than that deponent saith not. I cannot, as you can readily understand. That does happen to be true. That is even since we left Washington. It is just as well that the country should know that that is a situation and a possibility. Not by any means, a probability; it is much too strong to say it is a probability.

Q. This latter we say on our own authority?

THE PRESIDENT: Yes. . . .

34 ¶ The President Opens the Golden Gate Exposition in San Francisco from Key West, Florida.  
February 18, 1939

*Commissioner Creel, President Cutler, Friends of the Golden Gate International Exposition:*

ALTHOUGH I have commissioned Mr. Roper to act and speak for me in the ceremonies that mark the opening of the Golden Gate International Exposition, I cannot forego this further and more personal expression of my deep interest. From what I saw with my own eyes last July, I can well imagine the beauty of the completed undertaking, and I look forward with real eagerness to the visit this coming summer that I have promised myself.

Were the West and things Western less close to my heart, I would still be constrained to wish the Exposition a success even beyond the hopes of its builders, for the federal government is in close partnership with this national enterprise.

One government agency has helped financially to build the Bay Bridge and the Golden Gate Bridge—both of them engineering marvels of the century; another agency has helped with men and funds to raise this new island from the ocean bed; and still another has assisted in the construction of the hangars and other buildings that will remain when the Exposition ends, and the site reverts to its intended purpose—a great permanent airport immeasurably helpful to the commerce of the Pacific Coast, and a vital and integral part of our national defense.

Treasure Island, with an area of more than four hundred acres, is America's newest insular possession. It is an outstanding example of territorial expansion without aggression.

I am quite open and unashamed in my liking for expositions. They perform a distinct service in acquainting people with our progress in many directions and with what other people are

### 34. *Opening of Golden Gate Exposition*

doing. They stimulate the travel that results inevitably in a larger degree of national unity by making Americans know their America and their fellow Americans.

I have never thought it unfortunate that New York and San Francisco picked the same year for their World's Fairs. Instead of one incentive, people have two, and it is my sincere hope that 1939 will witness a swing around the whole American circle that will give some realization of our resources and our blessings, and more important, emphasize the essential unity of American interests. Getting acquainted with the United States is about as good a habit as I know.

Furthermore, the San Francisco and New York World's Fairs do not in any way duplicate each other. Their themes and their exhibits cover different fields and make different appeals. Most decidedly, if you have seen one, you have not, in effect, seen the other also.

The eleven western states which are partners in this Exposition constitute a great area which is of incalculable importance to the prosperity of the United States. The vigor and boldness of these states—a direct inheritance from pathfinding forbears—are equally helpful in the social pioneering that has been commanded by today's necessities.

Many times, in the elaboration of what I call the Good Neighbor policy, I have stressed the point that the maintenance of peace in the Western hemisphere must be the first concern of all Americans—North Americans, South Americans and Central Americans—for nothing is more true than that we here in the New World carry the hopes of millions of human beings in other less fortunate lands. By setting an example of international solidarity, cooperation, mutual trust and joint helpfulness, we may keep faith alive in the heart of anxious and troubled humanity, and at the same time, lift democracy high above the ugly truculence of autocracy.

And so, when I wish the Golden Gate International Exposition all possible success, it is as an instrument of international

### 35. *Hernando De Soto Exposition*

good will as well as an expression of the material and cultural progress of our own West and of our Pacific Ocean neighbors.

35 ¶ Radio Greetings to the Pan American Hernando De Soto Exposition at Tampa. Delivered from Key West, Florida. February 18, 1939

*President Brorain, Commissioner Dye and my friends of the Pan American Hernando De Soto Exposition:*

I LIKE the very name of this Exposition. I am glad that you decided to link the name of the intrepid explorer, who reached these shores 400 years ago, with the Pan American idea. There was nothing narrow or restricted in the perspective of De Soto or of his fellow townsman, Balboa, discoverer of the Pacific Ocean. They and their contemporaries drew their ideas from a vision of a New World. The domains they claimed for their Sovereign were heroic in geographic extent. Their imagination was fitted to the dawn of a new era. So today we commemorate Hernando De Soto as one of the first Pan Americans.

The spirit of Pan Americanism happily is coming more and more to dominate the thoughts and aspirations and the actions of all of the diverse peoples and cultures which comprise the three Americas. It is the certain and unfailing safeguard of our inalienable right to life, liberty and the pursuit of happiness. Although the peoples of the New World are of many origins, they are united in a common aspiration to defend and maintain the self-governing way of life. That way of life is instinctive in all the peoples of the Western Hemisphere.

To show our faith in democracy, we have made the policy of the good neighbor the corner stone of our foreign relations. No other policy would be consistent with our ideas and our ideals. In the fulfillment of this policy we propose to heed the ancient Scriptural admonition not to move our neighbor's landmarks, not to encroach on his metes and bounds.

### *36. Call for Peace in the Ranks of Labor*

We desire by every legitimate means to promote freedom in trade and travel and in the exchange of cultural ideas among nations. We seek no territorial expansion, we are not covetous of our neighbor's goods; we shall cooperate in every proposal honestly put forward to limit armaments; we abhor the appeal to physical force except to repulse aggression.

We say to all the world that in the Western Hemisphere—in the three Americas—the institutions of democracy—government with the consent of the governed must and shall be maintained.

This Exposition in Tampa is another link in the forging of that chain of brotherhood.

### 36 ¶ The President Again Calls for Peace in the Ranks of Labor. Letters to the Presidents of C.I.O. and A.F. of L. February 25, 1939

*My dear Mr. Lewis:*

IN THE development of this great nation the continued results of good will, cooperation and mutual helpfulness among the people have been demonstrated continuously. The need of the exercise of these qualities is as urgent now as at any time in American history, particularly as they apply to the welfare of men and women who work. Labor faces a challenge in finding itself divided into opposing camps, but I am sure that labor can and will meet this challenge with understanding and good will.

The American people sincerely hope that a constructive negotiated peace with honor may come about between the American Federation of Labor and the Congress of Industrial Organizations within the early months of the new year. The Secretary of Labor tells me that after careful investigation and prolonged conversations with responsible leaders in both groups there appear to be no insurmountable obstacles to peace and

### *36. Call for Peace in the Ranks of Labor*

that in fact there is a real and honorable desire for unification of the labor movement among all parties concerned. The desire of the general membership of both organizations for peace and cooperation with each other is demonstrated by the mass of messages which have come to me, to the Secretary and to Daniel Tobin as the result of simple public statements in favor of peace.

The opportunities for a united and vital labor movement to make a contribution to American life of help to the present and future generations were never better. The National Manufacturers Association recently has made a statement expressive of a better understanding of the problems of labor relationships and of their willingness to work with labor in a realistic effort to improve their mutual relations and to better general working conditions. The complicated economic and social problems of today require the cooperation of responsible groups of citizens of all walks of life and the effectiveness of labor in this type of council can only be realized by its fundamental unity of purpose and program.

I do not need to remind you of the great variety of opportunities to be of service which will come to a united labor movement. Many of your members have spoken to me of these opportunities and many of them have also pointed out to me the hazards and dangers to which the labor movement is subject, both internally and from without, if it cannot find a pattern of unity.

Therefore, first, because it is right, second, because the responsible officers from both groups seem to me to be ready and capable of making a negotiated and just peace, third, because your membership ardently desire peace and unity for the better ordering of their responsible life in the trade unions and in their communities, and fourth, because the Government of the United States and the people of America believe it to be a wise and almost necessary step for the further development of the cooperation among free men in a democratic society such as ours, I am writing to ask you to appoint a committee to represent your organization and to negotiate the terms of peace

### *37. Additional Appropriations for National Defense*

between the American Federation of Labor and the Congress of Industrial Organizations. Whatever assistance we in the Government can give you in this matter will be gladly given.

I wish to reiterate the sincerity of my belief in labor's capacity to end this breach and my faith in the intuition of the wage earners of America to play their part along with all other groups in our community in overcoming our mutual problems and bringing about the good American democratic life.

I am sure that these results can be achieved if the parties come together with open minds and a clear intention to effect genuine peace and harmony in the labor movement.

In addressing this letter to you, my dear John, I have great satisfaction in knowing that I am dealing with a man whom I respect, a man of honor, intelligence and good will. I trust I shall very shortly receive a reply giving me the names of the members of the committee which you will appoint.

Sincerely yours,

Mr. John L. Lewis,  
Congress of Industrial Organizations,  
Washington, D. C.

(An identical letter was sent to Mr. William Green, American Federation of Labor, Washington, D. C.)

### **37 ¶ Additional Appropriations Are Requested to Increase National Defense. March 4, 1939**

*The Speaker of the House of Representatives:*

I HAVE the honor to transmit herewith for the consideration of Congress 10 supplemental estimates of appropriation for the War Department for the fiscal year ending June 30, 1939, totaling \$69,738,287, all of which would remain available until June 30, 1940, and \$1,953,443 of which would remain available until expended. In addition, these estimates provide for the granting

### 38. *Anniversary of the Congress*

of contract authorizations aggregating \$46,801,000. These estimates are for the purpose of carrying out certain recommendations contained in my message to Congress of January 12, 1939, upon the subject of national defense.

The details of these supplemental estimates of appropriation, the necessity therefor, and the reasons for their transmission at this time are set forth in the letter of the Acting Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations I concur.

Respectfully,

38 ¶ “We Believe in the . . . Freedoms That Are Inherent in the Right of Free Choice by Free Men and Women.” Address on the Occasion of the One Hundred and Fiftieth Anniversary of the Congress. March 4, 1939

*Mr. Vice President, Mr. Speaker, Gentlemen of the Supreme Court, Members of the Senate and of the House of Representatives, Gentlemen of the Diplomatic Corps:*

**W**E NEAR the end of a three-year commemoration of the founding of the government of the United States. It has been aptly suggested that its successful organizing should rank as the eighth wonder of the world — for surely the evolution of permanent substance out of nebulous chaos justifies us in the use of superlatives.

Thus, we may increase our oratory and please our vanity by picturing the period of the War of the Revolution as crowded with a unanimous population of heroes dramatized by the admitted existence of a handful of traitors to fill the necessary role of villain. Nevertheless, we are aware today that a more serious reading of history depicts a far less pleasing scene.

### 38. *Anniversary of the Congress*

It should not detract from our satisfaction in the result to acknowledge that a very large number of the inhabitants of the thirteen revolting colonies were opposed to rebellion, and opposed to independence; that there was constant friction between the Continental Congress and the Commander-in-Chief and his Generals in the field; that inefficiency, regardless of the cause of it, was the rule rather than the exception in the long drawn out war; and finally that there is grave doubt as to whether independence would have been won at all if Great Britain herself had not been confronted with wars in Europe which diverted her attention to the maintenance of her own existence in the nearer arena.

We can at least give thanks that in the first chapter all was well that ended well; and we can at least give thanks to those outstanding figures who strove against great odds for the maintenance of the national ideal which their vision and courage had created.

The opening of the new chapter in 1783 discloses very definitely that assurance of continued independence could be guaranteed by none. Dissension and discord were so widely distributed among the thirteen new states that it was impossible to set up a union more strong or permanent than that loose-end, shaky, debating society provided for under the Articles of Confederation. That we survived for six years is more a tribute to the ability of the Confederation Congress gracefully to do nothing and to the exhaustion of the Nation that followed the War, rather than to any outstanding statesmanship or even leadership. So, again, speaking truthfully and frankly, we can properly say of the period of Confederation, that all was well that ended well.

Those years have rightly been called "the critical period of American history." But for crisis—in this case a crisis of peace—there would have been no Union. You the members of the Senate and the House; you the Chief Justice and the Associate Justices and I, the President of the United States, would not be here on this Fourth of March, a century and a half later.

### *38. Anniversary of the Congress*

It is well to remember that from 1781 to 1789 the thirteen original States existed as a nation by the single thread of Congressional government, and without an executive or a judicial branch. This annual assembly of representatives, moreover, was compelled to act not by a majority but by States, and in the more important functions by the requirement that nine States out of the thirteen must consent to the action.

In actual authority, the Congresses of the Confederation were principally limited to the fields of external relations and the national defense. The fatal defect was of course the lack of power to raise revenue for the maintenance of the system; and our ancestors may be called, at the least, optimistic if they believed that thirteen sovereign Republics would promptly pay over to the Confederation, voluntarily, even the small sums which were assessed against them for the annual maintenance of the Congress and its functions.

Furthermore, the effect of the existing methods of transportation and communication retarded the development of a truly national government far more greatly than we realize today—and that was true throughout the first half century of our union. You have heard the phrase the “horse and buggy age.” We use it not in derogation of the men who had to spend weeks on the rough highways before they could establish a quorum of the Congress, not in implication of inferiority on the part of those who perforce could not visit their neighbors in other states and visualize at first hand the problems of the whole of an infant nation.

We use it rather to explain the tedious delays and the local antagonisms and jealousies which beset our early paths. We use it perhaps to remind our citizens of today that the automobile, the railroad, the airplane, the electrical impulse over the wire and through the ether leave to no citizen of the United States an excuse for sectionalism, for delay in the execution of the public business or for a failure to maintain a full understanding of the acceleration of the processes of civilization.

Thus the crisis which faced the new nation through its lack

### *38. Anniversary of the Congress*

of national powers was recognized as early as 1783, but the very slowness of contacts prevented a sufficient general perception of the danger until 1787 when the Congress of the Confederation issued a call for the holding of a Constitutional Convention in May.

We are familiar with the immortal document which issued from that convention; of the ratification of it by sufficient states to give it effect; of the action of the Confederation Congress which terminated its own existence in calling on the first Federal Congress to assemble on March 4th, 1789.

We know of the month's delay before a quorum could be attained; of the counting of the ballots unanimously cast for General Washington; of his notification; of his triumphal journey from Mount Vernon to New York; and of his inauguration as first President on April 30th.

So ended the crisis. So, from a society of thirteen republics was born a nation with the attributes of nationality and the framework of permanence.

I believe that it has been held by the Supreme Court that the authority of the Articles of Confederation ended on March 3, 1789. Therefore, the Constitution went into effect the next day.

That Constitution was based on the theory of representative government, two of the three branches of its government being chosen by the people, directly in the case of the House of Representatives, by elected Legislatures in the case of the Senate, and by elected electors in the case of the President and the Vice President. It is true that in many States the franchise was greatly limited, yet the cardinal principle of free choice by the body politic prevailed. I emphasize the words "free choice" because until a very few years ago this fundamental, or perhaps, in more modern language, I should call it this ideology of democracy, was in the ascendant throughout the world, and nation after nation was broadening its practice of what the American Constitution had established here so firmly and so well.

The safety of the system of representative government is in

### *38. Anniversary of the Congress*

the last analysis based on two essentials: first, that at frequent periods the voters must choose a new Congress and a new President; and second, that this choice must be made freely, that is to say without any undue force against, or influence over, the voter in the expression of his personal and sincere opinion.

That, after all, is the greatest difference between what we know as democracy, and those other forms of government which, though they seem new to us, are essentially old—for they revert to those systems of concentrated self-perpetuating power against which the representatives of the democratic system were successfully striving many centuries ago.

Today, with many other democracies, the United States will give no encouragement to the belief that our processes are outworn, or that we will approvingly watch the return of forms of government which for two thousand years have proved their tyranny and their instability alike.

With the direct control of the free choosing of public servants by a free electorate, our Constitution has proved that our type of government cannot long remain in the hands of any who seek personal aggrandisement for selfish ends, whether they act as individuals, as classes, or as groups.

It is therefore in the spirit of our system that our elections are positive in their mandate, rather than passive in their acquiescence. Many other nations envy us the enthusiasm, the attacks, the wild over-statements, the falsehood gaily intermingled with the truth that mark our general elections. Yes, they envy us because all of these things are promptly followed by acquiescence in the result and a return to calmer waters as soon as the ballots are counted.

We celebrate today the completion of the building of the constitutional house. But one essential was lacking—for the house had to be made habitable. And even in the period of the building, those who put stone upon stone, those who voted to accept it from the hands of the builders knew that life within the house needed other things for its inhabitants. Without those

things, indeed, they could never be secure in their tenure, happy in their toil or in their rest.

And so there came about that tacit understanding that to the Constitution would be added a Bill of Rights. Well and truly did the first Congress of the United States fulfill that first unwritten pledge; and the personal guarantees thus given to our individual citizens have established, we trust for all time, what has become as ingrained in our American natures as the free elective choice of our representatives itself.

In that Bill of Rights lies another vast chasm between our representative democracy and those reversions to personal rule which have characterized these recent years.

Jury trial: do the people of our own land ever stop to compare that blessed right of ours with some processes of trial and punishment which of late have reincarnated the so-called "justice" of the dark ages?

The taking of private property without due compensation: would we willingly abandon our security against that in the face of the events of recent years?

The right to be safe against unwarrantable searches and seizures: read your newspapers and rejoice that our firesides and our households are still safe.

Freedom to assemble and petition the Congress for a redress of grievances: the mail and the telegraph bring daily proof to every Senator and every Representative that that right is at the height of an unrestrained popularity.

Freedom of speech: yes, that, too, is unchecked for never in all history has there been so much of it on every side of every subject. It is indeed a freedom which, because of the mildness of our laws of libel and slander, goes unchecked except by the good sense of the American people. Any person is constitutionally entitled to criticize and call to account the highest and the lowest in the land—save only in one exception. For be it noted that the Constitution of the United States itself protects Senators and Representatives and provides that "for any speech or debate in either House they shall not be questioned in any

### 38. *Anniversary of the Congress*

other place." And that immunity is most carefully not extended to either the Chief Justice of the United States or the President.

Freedom of the press: I take it that no sensible man or woman believes that it has been curtailed or threatened or that it should be. The influence of the printed word will always depend on its veracity; and the nation can safely rely on the wise discrimination of a reading public which with the increase in the general education is well able to sort truth from fiction. Representative democracy will never tolerate suppression of true news at the behest of government.

Freedom of religion: that essential of the rights of mankind everywhere goes back also to the origins of representative government. Where democracy is snuffed out, where it is curtailed, there, too, the right to worship God in one's own way is circumscribed or abrogated. Shall we by our passiveness, by our silence, by assuming the attitude of the Levite who pulled his skirts together and passed by on the other side, lend encouragement to those who today persecute religion or deny it?

The answer to that is "no" today, just as in the days of the first Congress of the United States it was "no."

Not for freedom of religion alone does this nation contend by every peaceful means. We believe in the other freedoms of the Bill of Rights, the other freedoms that are inherent in the right of free choice by free men and women. That means democracy to us under the Constitution, not democracy by direct action of the mob; but democracy exercised by representatives chosen by the people themselves.

Here, in this great hall, are assembled the present members of the government of the United States of America—the Congress, the Supreme Court and the Executive. Our fathers rightly believed that this government which they set up would seek as a whole to act as a whole for the good governing of the nation. It is in the same spirit that we are met here, today, 150 years later, to carry on their task. May God continue to guide our steps.

*40. Five Hundred and Twenty-eighth Press Conference*

39 ¶ An Acknowledgment of the Award of the American Hebrew Medal. March 6, 1939

*General Johnson, friends:*

I AM proud to receive this award. And I like the broad spirit of good will which prompts the bestowal. I like also to think that no matter how diverse and conflicting and mutually contradictory our views may be on any number of questions and policies — there remains one issue upon which we are in complete accord. Embodied in the Federal Constitution and ingrained in our hearts and souls is the national conviction that every man has an inalienable right to worship God according to the dictates of his own conscience.

After all, the majority of Americans, whether they adhere to the ancient teaching of Israel or accept the tenets of the Christian religion, have a common source of inspiration in the Old Testament. In the spirit of brotherhood we should, therefore, seek to emphasize all those many essential things in which we find unity in our common Biblical heritage.

If we labor in that spirit may we not hope to attain the ideal put forth by the Prophet Micah: "And what doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God?"

40 ¶ The Five Hundred and Twenty-eighth Press Conference (Excerpts). March 7, 1939

*(Failures of neutrality legislation — The danger of requiring a war referendum.)*

Q. Mr. President, has our neutrality legislation contributed anything to the peace of the world or contributed anything toward preserving peace?

*40. Five Hundred and Twenty-eighth Press Conference*

THE PRESIDENT: The neutrality legislation?

Q. Yes. Wouldn't we be stronger if we did not have any?

THE PRESIDENT: That is a terribly broad general question.

Q. If we went back to where we were before we passed any neutrality legislation —

THE PRESIDENT: [interposing] Now you are making it worse. You are making it an "if" question. If you will confine it to the original question, "Has the neutrality legislation of the last three years contributed to the cause of peace?" If one can answer a question like that with a "yes" or "no" answer, I would say, "No, it has not."

Q. The next question was, "Would we be even stronger if we did not have it?"

THE PRESIDENT: We might have been stronger if we had not had it.

Q. Could we put the reverse on that question, that the existing neutrality laws have contributed to the other direction?

THE PRESIDENT: I should say, in some respects, yes.

Q. What respects?

THE PRESIDENT: I cannot go into detail; of course you understand that. I have to answer it generally. . . .

Q. Do you think the defense of this Nation would be impaired by the passage of any legislation calling for a referendum prior to the declaration of war?

THE PRESIDENT: It might, very easily.

Q. Could you expand on that, sir, and point out? The element of time is the important thing?

THE PRESIDENT: The element of time is important and another difficulty is a definition of what is war. It is an extremely difficult thing. Just use a very simple example: Back in Washington's administration we had no navy at all. We had no Navy Department; we had no ships. The last Revolutionary ship was sold just after the peace of 1783.

And then in Washington's second administration, the French Government, which was then under the directorate before Napoleon came into power — in its general war against

*40. Five Hundred and Twenty-eighth Press Conference*

Great Britain and as a part of its war against the Italian states, sent out a very large number of cruisers and privateers, frigates and privateers, to wage war on British commerce. A large number of these ships went down to the West Indies, which was at that time the principal commercial field of the thirteen states—actually there were fifteen states then. In fact, the whole seaboard was greatly dependent on this commerce of the West Indies and Central America and South America. In order to get to South America you had to go through or past the West Indies.

Beginning about 1796, we began to have our ships captured and our people killed and the ships and cargoes confiscated. That was the origin of the U.S. Navy. Congress set up a Navy Department and we started to build ships. Adams came in, and those original ships were completed, and Congress authorized the Navy Department to buy quite a lot of other ships and convert them into men-of-war.

There was no war declared. It was, of course, actual warfare. This business of carrying on a war without declaring a war, that we think is new, is not new. There are a lot of examples all through history.

By direction of the President, without any declaration of war by the Congress, these twenty or twenty-five ships of the Navy went down there and literally cleaned up that whole area of the sea. They captured, sank or destroyed the French privateers and French men-of-war, actual French Government vessels in the West Indies; and made it possible for the seaboard states to resume their normal trade, upon which they were so greatly dependent.

That lasted from 1798 down to 1800, two years, and if you are interested in it, the Navy Department has completed the seventh volume of a series of documents covering that quasi war against France.

It is just a question—I just use that as an example. Suppose a similar—not the same nation or the same locality—

*40. Five Hundred and Twenty-eighth Press Conference*

but a similar situation were to arise. Suppose at that time the operations had been conducted against—what shall I say—the coast of what is now the coast of Louisiana, or the lower coast of Georgia. That would have been a direct attack on the defenses of the country. We might not have declared war.

In any Constitutional amendment that goes into effect that uses the word “war,” you will have to spend two pages in defining war; and, if you define it, a situation would undoubtedly arise that would not come within the definition one way or the other.

It seems to me it is a general proposition, that the representative form of government provided for under the Constitution should apply to that, just as much as it should to almost any other type of action that is taken by the Government. They are all subject to Congressional action in the last analysis. John Adams could not have started a quasi-war with France if Congress had not given him the money with which to do it. There you are.

Q. I understand that the referendum of Louis Ludlow asks for a referendum on a declaration of war, which would seem to apply in the event of an attack on the Continental United States. I have always assumed, and I ask you if I am not right, does not the Commander-in-Chief have the Constitutional power to defend the Nation without any Congressional action?

THE PRESIDENT: Absolutely. Suppose a nation were to attack the United States or any part thereof, it is undoubtedly the Constitutional duty of the President to defend without the declaring of war.

Q. I was right then?

THE PRESIDENT: Yes; that is true.

(For other references to neutrality legislation, see Introduction to this volume, and documents cited in Topical Table, 1937 volume. See Item 4, 1938 volume, for war referendum.)

41 ¶ Presidential Statement at Beginning of  
Peace Negotiations Between C.I.O. and  
A.F. of L. March 7, 1939

I AM extremely glad that this Committee, representing both sides of the controversy between the two branches of the labor movement, is at last assembled for the purpose of beginning negotiations for the settlement of these differences in good faith, and with honor, and for the best interests of labor and the country generally.

This is one of the most important domestic problems in American life today and I feel sure that all of you will enter into this service with a patriotic sense that you are serving the welfare of your country, as well as the welfare of your organizations by laying aside prejudices and bitterness, and by finding the solution which will bring a permanent and acceptable peace and unity in the labor movement. I have faith in your capacity as individuals and the organizations that you represent to make a practical adjustment both of the theory and the realities of a conflict which has already lasted too long and which is weakening the public standing of organized labor in this country.

It is important that you enter these negotiations with open minds and with a determination to explore every aspect of the problem together. The fact that there have been disagreements on particular points in the past should merely mean that all points must be studied and explored. It is desirable that this should be a negotiated peace made by this Committee, using your own ingenuity and resourcefulness to find various ways of settling knotty problems.

While there have been extreme bitterness and conflict in certain localities, there are many cities and towns now where the local CIO and AFL are working together in closest harmony. I am told that there are some places where the CIO and the

#### *41. Peace Negotiations Between CIO and AFL*

AFL use the same union hall. The two factions, as they are called, are really not factions. They realize that their interests are the same.

I accept the premise that both sides want peace. That means, of course, that both sides go into conference with the idea of giving as well as getting.

You are all experienced negotiators. You have been doing that all your lives. From that standpoint, this job ought to be easy for you. You can think up proposals and counter proposals to meet this situation, and nobody can do it as well as you can because nobody knows the issues as you do.

Of course, there are many who want peace who do not fully realize the difficulties facing this Committee. I am advised, on the basis of reports coming from the rank and file of organized labor, that at least 90 per cent of the actual membership of both factions desire peace.

Telegrams and letters and resolutions speaking for at least a million workers reached me before we proposed that you appoint your committees. These messages came from labor groups in each faction and from every part of the country.

Since your appointment, like messages are pouring in from all sections and from many unions in each faction. Already hundreds of thousands of workers, through their representatives, have informed me, and I know many of them have informed you, that their greatest desire is that you may succeed in finding a solution.

This is your negotiation. Direct negotiation without outside interposition is always best if possible. I believe no other method of settlement will ever become necessary in this case because I believe that you are today beginning a proper step for a permanent, stable and acceptable solution. I am counting on you to succeed and shall look forward to the final report on your negotiations.

## 42 ¶ The President Again Urges Additional Appropriations for the Works Progress Administration. March 14, 1939

*To the Congress:*

AT THE opening of this session I advised the Congress of the number of needy unemployed persons who were able to perform useful work. The estimates, based on actual and estimated figures, showed that in the judgment of the Executive Branch of the Government three million persons should continue to be employed during the winter months, followed by a reduction to two million seven hundred thousand persons during the latter part of the five months' period ending on June 30, 1939. The amount of money required to supply these needs was estimated at \$875,000,000.

Early in February the Congress appropriated \$725,000,000, with directions that the number of persons on the relief rolls should not be decreased in number more than 5 per cent during February and March, and, in effect, requesting me to recheck the new situation thus created and advise the Congress of the results.

On February seventh I reported to the Congress that the reduction in the appropriation in itself created an emergency; that the number of persons on the relief rolls and on the "waiting list" had not decreased in number since early January; that as a result the need of these people was as great as before; that by continuing their employment during February and March half of the entire appropriation would be expended, leaving only the other half of the appropriation for the maintenance of relief during April, May and June; that the amount of money remaining after April first would make it necessary to discharge, between that date and June thirtieth, nearly half of the numbers on relief; that this, in my judgment, would constitute a definite hardship; and that I was advising the Congress of this fact in order to give sufficient time to study the conditions which would result from the curtailment of funds.

#### *42. Works Progress Administration*

April first is approaching; and in pursuance of the spirit of the request for further information, I feel impelled again to call the attention of the Congress to the very serious situation which exists. Within about three weeks the reduction of Works Progress Administration employment must begin, in order that the remainder of the appropriation may be apportioned over the months of April, May and June, unless more money is appropriated quickly.

Since my messages of January and February, a careful check-up shows that there has been no substantial change in the conditions of unemployment. On the contrary, recent data have become available substantiating the real need for an additional appropriation of \$150,000,000.

Partly because of seasonal conditions, the volume of employment has decreased since the end of December. This includes industrial and agricultural employment. Therefore, the need for unemployment relief has increased.

Due to the seasonal factors, Works Progress Administration employment was maintained in February at an average of two million nine hundred and ninety-six thousand persons, and the average for March is being held at approximately the same figure.

Despite this fact, the number of persons now certified as being in need and eligible for employment is actually higher than it was a month ago. This so-called "waiting list" actually does not reflect the total needs, because in certain States certifications of eligibility are not given to the Federal authorities by the local public relief agencies until actual vacancies exist to which needy persons can be assigned.

It is my belief that improvement in business conditions between now and June will result in substantial increase in employment. However, based on the experience of the past, it cannot be expected that this increase will absorb more than three hundred thousand of those who are now on the Works Progress Administration rolls or who have been certified as in need and awaiting assignment.

That means that the present total of these two categories,

#### *42. Works Progress Administration*

three million eight hundred and fifty thousand persons, would be reduced to three million five hundred and fifty thousand.

In accordance with the requirements of the recent appropriation law, approximately thirty thousand aliens have been removed from the rolls. The current investigation of the actual need of relief employees will shortly be completed in the field, but it is already clear from preliminary reports that the number who will be eliminated will not exceed 5 per cent of the total and may be considerably less.

All possible economies in administration and operation are being sought and will be constantly checked, but here again the cold facts, which have been given insufficient emphasis, require restatement.

Out of every \$100 of Federal funds expended by the Works Progress Administration, only \$3.50 is for administrative overhead; \$10.50 is spent for materials, equipment and supplies; \$86 is paid out directly in the form of wages. As a business proposition it occurs to me that some modicum of commendation is in order.

If no additional appropriation is made, the Works Progress Administration must of necessity issue instructions, within the next week, to reduce the number employed. The plan proposed by the Administrator is to effect a reduction of approximately four hundred thousand in the first week in April, and a further reduction of six hundred thousand in the first week in May. This will reduce the total employment to two million persons.

However, even these drastic cuts will not be sufficient to make the available fund last through to June thirtieth, and still comply with the requirements of the statutes. Therefore, a still further reduction of more than two hundred thousand will have to be made early in June.

This plan has been recommended as being preferable to a program of week-to-week reductions because, under the latter, more persons would eventually lose their jobs.

Under the proposed plan, the number of persons who will be thrown out of employment in the near future is one million—

growing to over one million two hundred thousand before June thirtieth. The number of persons, including dependents, affected by this reduction will be four million within the next few weeks and nearly a million more later on.

To these must be added the "waiting list" category — because it is obvious that while people now on the rolls are being discharged no people can be employed from the "waiting list."

I am of the opinion that states, counties and municipalities are doing, in the overwhelming majority of cases, all that their finances will permit to meet the situation.

I further believe that, with few exceptions, those who are employed are actually in need and are not receiving more than they should in the form of Federal assistance.

It is the obvious duty of the Chief Executive to point out the need which exists and to give all possible factual information. This I have attempted to do in order that the Legislative Branch of the Government, in which the final decision and full responsibility necessarily rest, may act.

Because it has been alleged that I would be satisfied if no further appropriation were made for the coming three months, I feel that in justice to myself I must make it clear that I am not sending this Message to the Congress merely for the purpose of going through motions.

For more than six years it has been the definite policy of the President and the Congress that needy persons, out of work, should not be allowed to starve; that it was an obligation of the Federal Government to give work to those able to work and an obligation of state and local government and of private charities to take care of those needy persons who are unable to work.

That policy, I am more than ever confident, is right. It should not be abandoned now.

It is wholly within the right of any and all of us to study and work for the greater efficiency of government. For several years infinite study has been given to the problems of relief in all its forms; additional studies are proper.

But the Government of the United States is faced today with a condition and not a theory. The insufficiency of the money ap-

### 43. *Tribute to J. D. Ross*

propriated will compel the Administrator to discharge about a million and a quarter actual workers in the immediate future.

I cannot bring myself to believe that these discharged men and women will contribute to the prosperity of the United States, nor do I believe that the merchants and landlords they are now dealing with will become more prosperous when their trade ceases.

Therefore, the responsibility for the situation in which all of these people will find themselves during the coming three months rests of necessity within the decision of the Congress of the United States.

*NOTE:* On February 7, 1939, I had requested an additional appropriation of \$150,000,000 for work relief (see Items 5 and 27, this volume).

No action had been taken by March 14; so on that date I sent the foregoing message to the Congress pointing out the necessity for this additional appropriation in order to avoid further drastic reductions in the very near future in relief employment.

Finally an appropriation was passed on April 11 for \$100,000,000 and signed by me on April 13, 1939

(Public Resolution No. 10, 76th Congress, 1st Session).

If the original appropriation of \$875,000,000 requested by me on January 5, 1939 (see Item 5, this volume) had been passed, WPA could have employed 2,875,000 WPA workers in April, 2,775,000 employees in May, and 2,700,000 in June. However, with the funds actually made available, the number which was employed had to be reduced to 2,792,000 in April. This total had to be further reduced to 2,646,000 in May, and 2,578,000 in June, 1939.

## 43 ¶ A Tribute on the Death of J. D. Ross, First Administrator of the Bonneville Project.

March 15, 1939

IT is fitting that every American should know of the passing of one of the greatest Americans of our generation. Mr. J. D. Ross, fighting against illness, built for himself a strong body and a brilliant mind in the building of Alaska and later of the Pacific

#### *44. Partition of Czecho-Slovakia*

Northwest. An outstanding mathematician and an equally great engineer, he combined with this the practical ability to make things work in the sphere of public opinion and successful business. More than that, he was a philosopher, and a student and lover of trees and flowers.

His successful career and especially his long service in behalf of the public interest are worthy of study by every American boy.

My personal affection for him grew with the years and because so many people leaned on him for so much of inspiration and advice, his place in our country will be almost impossible to fill.

#### 44 ¶ Statement by Acting Secretary of State Welles, Edited and Approved by the Presi- dent, on the Partition of Czecho-Slovakia by Germany. March 17, 1939

THE GOVERNMENT of the United States has on frequent occasions stated its conviction that only through international support of a program of order based upon law can world peace be assured.

This Government, founded upon and dedicated to the principles of human liberty and of democracy, cannot refrain from making known this country's condemnation of the acts which have resulted in the temporary extinguishment of the liberties of a free and independent people with whom, from the day when the Republic of Czecho-Slovakia attained its independence, the people of the United States have maintained specially close and friendly relations.

The position of the government of the United States has been made consistently clear. It has emphasized the need for respect for the sanctity of treaties and of the pledged word, and for non-intervention by any nation in the domestic affairs of other

#### 45. *Recommendation to Increase Debt Limit*

nations; and it has on repeated occasions expressed its condemnation of a policy of military aggression.

It is manifest that acts of wanton lawlessness and of arbitrary force are threatening world peace and the very structure of modern civilization. The imperative need for the observance of the principles advocated by this Government has been clearly demonstrated by the developments which have taken place during the past three days.

### 45 ¶ A Recommendation to the Congress to Increase the Limitation of Thirty Billion Dollars of Bonded Indebtedness. March 20, 1939

*To the Congress:*

I AM transmitting herewith a letter dated March 17, 1939, from the Secretary of the Treasury regarding the limitation placed upon the total amount of the public debt obligations which may be issued and outstanding at any one time under authority of the Second Liberty Bond Act, as amended. You will note from this letter that the Secretary of the Treasury feels that there will be no necessity for increasing the present limitation of \$45,000,000,000 on the total public debt which may be outstanding at any one time, but does feel very strongly that it will be necessary to increase the present limitation of \$30,000,000,000 face amount of bonds which may be outstanding at any one time.

I recommend that the Congress take such action as may be necessary to give the Treasury the authority which will enable it to carry out its financing operations during the next fiscal year as may be for the best interest of the Government in line with market conditions at the time of such financing.

*NOTE:* The authority to borrow money through the sale of interest-bearing obligations by the United States comes from the Second Liberty Bond Act, approved September 24, 1917. That statute has been

#### *46. Venezuelan Ambassador Presents Credentials*

amended from time to time, fixing the amount of the total indebtedness which the United States might incur in the form of bonds, treasury bills, treasury notes, and treasury certificates of indebtedness.

The last amendment prior to the foregoing message took place on May 26, 1938 (52 Stat. 447). That amendment permitted a total indebtedness of \$45,000,000,000; but it provided that the total amount of bonds outstanding on any particular date should be limited to \$30,000,000,000 of this sum.

The letter enclosed by me in the foregoing message indicated that

while there was no necessity of increasing the total debt limitation of \$45,000,000,000, the limitation of \$30,000,000,000 on bonds, should be increased in order to give flexibility to the management of the debt.

Following the submission of my message, an amendment to the Second Liberty Bond Act was introduced April 13, 1939, and became a law, July 20, 1939. This statute (Public No. 201, 76th Congress) struck out the proviso that the amount of bonds should not exceed \$30,000,000,000 outstanding at any one time.

### 46 ¶ Remarks to the Newly Appointed Ambassador of Venezuela Upon Presentation of Credentials. March 22, 1939

*Mr. Ambassador:*

It is most gratifying to me to receive from you the Letter whereby your distinguished President, General Eleazar López Contreras, accredits you as Ambassador Extraordinary and Plenipotentiary of the United States of Venezuela to the Government of the United States of America.

Consistent with your statements, the raising of our diplomatic missions in Caracas and Washington to the grade of Embassy is an added indication and a natural result of the increasingly important relationship between our two countries. It is an especial pleasure for me to mark this growth in our commercial and cultural relations by receiving as the first Ambassador of Venezuela to this country one who has sincerely interpreted the people of Venezuela and the United States to each other.

#### *46. Venezuelan Ambassador Presents Credentials*

As you indicate, Mr. Ambassador, the inter-American spirit of cooperation which has long prevailed in our relations has undergone a marked development in recent years, and I am confident that the Government and the people of the United States of America will continue whole-heartedly to support the principles of mutual respect, equitable dealing and democratic cooperation.

You may be sure that it will be the constant desire of the officials of the Government of the United States, as it has been in the past, to assist you in every possible way in your active efforts to strengthen the bonds between the Governments and peoples of Venezuela and the United States. It will, moreover, continue to be a source of personal gratification to me to collaborate with you in carrying out the functions of your high position.

I thank you sincerely for your kind references to the satisfaction you have derived from your previous service in this country, and I hope you will gain increasing personal satisfaction from carrying out the duties of your new and elevated position.

I am likewise deeply appreciative of your eminent President's friendly wishes for the well-being and prosperity of the United States of America and for my personal happiness. Please transmit to His Excellency, President López Contreras, my own best wishes for the growing prosperity of Venezuela and for his own secure well-being.

*NOTE:* This document has been included in this volume as an example of the many "statements" made by me on receiving duly accredited ministers or ambassadors of foreign nations during each year. Customarily, these statements are prepared in our State Department. The usual practice has been an exchange of such statement by me for

a prepared written statement submitted by the incoming minister or ambassador. These statements are exchanged in written form, without the formality of reading them aloud. They constitute part of the official record of the State Department, and are often published by the newspapers, to which copies are generally distributed.

## 47 ¶ Presidential Statement on the Cotton Export Situation. March 28, 1939

THE COTTON situation requires prompt and effective action. Loan stocks total more than 11 million bales and if our exports continue at their present rate, our shipments of cotton abroad for the year ending August 1, 1939, will be the lowest in more than fifty years. And unless we build a spillway out of the loan we are likely to add several million more bales from the 1939 crop to the mass overhanging the market. Carrying charges alone on the cotton already in the loan approximate \$45,000,000 annually.

The present status of the cotton industry goes back in large part to the almost 19 million bales of cotton we grew in 1937. This record crop followed the invalidation by the Supreme Court of the control provisions of the original Agricultural Adjustment Act. Since that time another law enabling an effective control program has been enacted but several years of adjustment will be necessary to bring our supplies to normal.

So great is the cotton surplus that the current loan of 8.3 cents a pound—a loan only a little more than half of parity—has proved a price pegging loan. Foreign cotton is underselling our cotton in world markets and is likely to continue to do so until we restore American cotton to its normal competitive position.

This might be done by abandonment of the loan if we did not take the welfare of the growers into account. But abandonment of the loan for this year means a sharp drop in the already pitifully meager income of producers. The continuance of protection for the growers necessitates the continuance of the loan for 1939 and, with that continuance, action to prevent the loan from doing more harm than good.

A cotton program at this time should include the following objectives:

- (1) The merchandising in an orderly fashion of our excess supplies of cotton;

#### *47. Cotton Export Situation*

- (2) The maintenance of our fair share of the world market for cotton;
- (3) The protection of producer income;
- (4) The accomplishment of our aims with the least possible cost to the Treasury.

Various proposals are pending which aim at the retention and expansion of our foreign markets for cotton and the reduction of loan stocks. Of them, I believe the best plan is an export program for cotton, a program which would include a payment on all cotton exported during the life of the plan.

The details of such a plan remain to be worked out but it probably would include:

- (1) A payment of \$1.25 per bale to producers who release their loan cotton to the market.
- (2) A moderate payment on all cotton exported after the plan goes into operation.

Such a plan would protect mill inventories by fixing a rate at which cotton could be released from the loan. I believe there is ample authority under existing legislation to establish import quotas which would protect both the domestic producers of raw cotton and probably domestic manufacturers as well from foreign importations. A payment could be made on exports of manufactured goods so the program would not put them at a disadvantage in the world markets.

Frankly, I wish it were possible immediately to expand domestic uses of cotton to the point where our own people would absorb the surplus. That time has not yet arrived and pending its arrival our farmers and consumers, too, will be injured unless we protect our foreign markets.

The plan does not contemplate payments on exports in excess of our average exports over a representative period in the past. What we are proposing is to restore the normal competitive position of American cotton and our normal share of the world market.

An export plan for cotton should cost a good deal less than proposals to pay the growers to keep their cotton out of the loan.

#### *47. Cotton Export Situation*

The export program calls only for payments on cotton sold abroad; the other plan calls for payments on all the crop. And the export proposal promises to be more effective in retaining and expanding our foreign markets.

As you know, an export program has been in effect for wheat for several months. This program was adopted to retain our share of the world wheat market. I believe the majority of wheat producers will agree the plan is one of the reasons why wheat prices in this country are more than twenty cents higher, as compared with the normal relationship, than Liverpool prices. The rejection of an export plan for cotton is certain to raise doubts as to the advisability of its continuance for wheat.

I want to emphasize that the proposal for a cotton export program is in no sense a repudiation of the reciprocal trade programs. If the spirit behind these trade programs had prevailed in the post-war era it would not be necessary now to take steps to protect our export markets. The reciprocal trade programs are an effort to restore order out of the chaos prevailing in international trade. They should be pressed vigorously.

I believe the export plan, if put on a sound and workable basis, will not only help the cotton farmers, but will help the entire industry. As I see it, this plan would not do away with the long established system for handling cotton but would eventually reduce surpluses and restore trade so that this system could be put on a firmer basis.

*NOTE:* The foregoing statement of suggested action on the cotton export situation was made necessary chiefly because of the excessively large crop of cotton which had been raised in 1937. This overproduction was a result of the fact that the Supreme Court in 1936 had invalidated the provisions of the Agricultural Adjustment Act, which regulated production (U. S. vs. Butler, 297 U.S. 1; see Introduc-

tion to 1935 and 1937 volumes). The disastrous condition of the cotton market at the time of the foregoing statement shows how necessary for the safety of the farmers of America and for the preservation of a balanced economy, are some measures for the regulation of crop production.

During the years following the overproduction of 1937, it was necessary for cotton farmers to depend

#### *47. Cotton Export Situation*

more and more on government loans in order to maintain a reasonable price and assure a fair income. One of the difficulties with cotton loans, however, was that while they did help to maintain the domestic price, they discouraged the free flow of cotton into the export markets of the world.

Under the Agricultural Adjustment Act, which had been invalidated by the Supreme Court, there had been no impediment to the flow of American cotton into the world market.

The situation after 1937 became worse, so that in the winter of 1938-39 the amount of cotton held under Government loans had risen to more than 11,000,000 bales, and the carrying charges alone on this cotton had reached about \$45,000,000 annually.

There had been much discussion of how to meet this situation, and various plans were suggested. Some of the general discussion included price-fixing proposals for domestic cotton. But price-fixing was objectionable because it would have required the policing of millions of transactions, or the government's actually taking over much of the buying and selling functions from normal channels of trade. An alternative was to abolish loans on cotton and to increase payments to cotton growers who would not ask for loans. This procedure would have lowered prices and would have required larger payments and larger appropriations, with too

much of an increased burden on the Federal treasury.

The plan finally adopted, pursuant to the recommendations contained in my statement, was to keep the loan provisions, in order to maintain a floor under which the domestic price of cotton would not sink; and at the same time to make payments on exported cotton in order to continue our participation in the world market. To have permitted the cotton situation to continue as it was, would have piled up more and more cotton in the loan stocks, and would have sacrificed the fair share of the world market to which we were entitled. The result of this would have been probable disaster.

Funds with which to carry out a cotton export payment program were available under the statute of 1935 (Pub. Law. No. 320, 74th Congress, Sec. 32), which appropriated for each fiscal year an amount equal to 30 per cent of the gross customs duties collected during the preceding calendar year, for the use by the Secretary of Agriculture to encourage the exportation of agricultural products. Additional funds were voted by the Congress for the fiscal year 1940 for this purpose.

On July 13, 1939, a conference of cotton producers, exporters, manufacturers, and members of cotton exchanges and cotton cooperative marketing associations was called together by the Secretary of Agriculture in order to devise a con-

#### 48. *Embargo Tariffs*

structive plan of export payments, which would be as economical and effective as possible. After this conference, the program was announced on July 22, 1939, to become effective in five days.

The program provided for payments on the export of lint cotton and on cotton goods sold for export up to June 30, 1940, and actually exported by July 31, 1940 (for lint cotton), and by October 31, 1940 (for manufactured cotton goods).

The export of cotton began to rise immediately, and by the beginning of December it increased almost a million bales above the preceding year. The export of cotton goods also was greatly increased over the previous year.

From time to time, reductions in the rates of payment were made. War conditions in Europe and delayed shipping schedules made it advisable to extend the time for exporting cotton and cotton prod-

ucts, and the period was finally extended to March 31, 1941. As of October 15, 1940, the export of cotton under the program had reached 6,300,000 bales.

The program for payments to assist in the export of cotton products is being continued in 1940-41; but it does not include payments for lint cotton exports.

The action which was taken to meet the serious situation in the cotton industry, resulting from the invalidation of the Agricultural Adjustment Act, was effective in stalling off the disaster which would have come if a laissez-faire policy had been maintained. The principle that the Federal Government would always use its collective resources and power actively to promote the general welfare of all classes and groups of its citizens, was again put into practice in this situation in a speedy and effective manner.

### 48 ¶ Statement on Proposed Embargo Tariffs Violating Our Trade Agreements Policy.

March 29, 1939

*My dear Senator Harrison:*

I FEEL impelled to write to you in regard to certain amendments now under consideration before your committee which would amend H.R. 3790, a bill which deals with the important and entirely separate subject of reciprocal taxation of incomes of Federal and State employees. These amendments would raise to

#### 48. *Embargo Tariffs*

new heights the taxes—in effect tariffs—on many imported fats and oils. I am addressing this letter to you because the amendments have been referred to the committee of which you are the chairman.

I, of course, know that the Senators who introduced these amendments acted in good faith. But there should be no illusion about the vital importance of the issue the amendments present. We are not dealing here with bona fide excise taxes for revenue purposes, but with what in purpose and effect are tariffs of the embargo variety. The amendments run directly counter to the provisions of reciprocal trade agreements already in force with such important countries as the United Kingdom, Canada, the Netherlands and Brazil. If enacted, they would destroy or at the very least seriously impair these agreements under which we have obtained concessions benefiting more than a quarter of a billion dollars worth of American exports of agricultural products alone and they would hamper our efforts to conclude additional trade agreements in the interest of American agriculture and industry. The issue is clear. It is whether to sustain our present policy or to return now, or during the pendency of the Trade Agreements Act, to the embargo tariff policy exemplified by the disastrous Hawley-Smoot Tariff Act.

The private interests who seek to benefit from the amendments apparently ignore the fact that on the basis of 1938 import values the rates as they now stand have an ad valorem equivalent of 89 per cent in the case of palm oil, 96 per cent on edible palm kernel oil, and 65 per cent on inedible palm kernel oil. Under the proposed amendments these ad valorem equivalents would be increased to 149 per cent, 151 per cent, and 108 per cent, respectively. In the place of present rates on wool grease, ranging from 43 per cent to 93 per cent, the proposals would substitute rates of from 60 per cent to 146 per cent. By and large these proposals call for 50 per cent increases over the already high rates. The resulting rates could be described by no other word than “embargoes.” If one industry is thus to receive

#### 48. *Embargo Tariffs*

an embargo, all will demand it. Then other nations will inevitably impose embargoes on our exports.

At first, the proposals called for these tax increases immediately, which would have meant outright violations of our trade agreements with the United Kingdom, Canada, the Netherlands and Brazil. Now it is suggested that the effect of the conflicting tax increases shall be postponed until the four agreements mentioned, which are of such great value to American agriculture and industry, can be modified and terminated at the earliest possible moment under the terms of those agreements. Let no one be lulled into thinking that this modification of the amendments would remove the basic conflict between them and the trade agreements program. The real issue would remain exactly the same. All this modification means is that we should not be convicted of violating outright four of our international agreements; we should still inevitably lose a substantial part of the benefits of these important agreements and should run the grave risk of losing all of them.

I should like every farmer, every producer of surpluses in this country, everyone in all walks of life, to know how great the cost would be if these amendments should be adopted. I should like them to know that the enactment of these amendments would seriously jeopardize trade agreements by means of which concessions have been obtained on more than a quarter of a billion dollars worth of our agricultural exports and on several hundreds of millions of dollars worth of our exports of factory and other products. I should like them to know that these amendments, if passed, would sooner or later expose this huge volume of trade to the danger of retaliatory trade restrictions in the countries adversely affected. I should like them to know that these amendments would hamper our efforts to obtain additional benefits for our agricultural and industrial producers. And I should like them to know that the power for leadership of this country in the great task of rebuilding international trade under the principles of equality and mutual profit, without which full and stable economic recovery in this country

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and in other countries cannot be realized, would be virtually destroyed.

These amendments would seriously undermine a program which already has proven of great benefit to American agriculture, notwithstanding the depressed state of our foreign market. Our exports of farm products to trade agreement countries increased by 55 per cent in the fiscal year 1937-38 over 1935-36. Our exports of farm products to non-trade-agreement countries increased by only 3 per cent over the same period. This comparison, striking as it is, does not take into account the agricultural benefits obtained recently in the agreement with the United Kingdom or in the new agreement with Canada. In 1936, the United Kingdom alone bought one-third of the agricultural products we sold abroad. Concessions covering 92 per cent of those purchases were obtained in the agreement, effective January 1 of this year. In other words, we have obtained in one single trade agreement improved or more stable markets for nearly a third of our total agricultural exports, including such key products as wheat, cotton, corn, lard and tobacco.

Our trade agreements with 19 foreign countries have done more for American agriculture than to improve and stabilize foreign markets for many of our agricultural products. They have increased purchasing power in the domestic market for our farm crops. When, for example, our exports of automobiles to Brazil under a trade agreement concession increase, as they have done, by 4½ million dollars, there is more purchasing power available for our workers to buy meat, butter, milk, eggs, fruits and vegetables. Our total exports to 17 agreement countries in the two-year period 1937-38 were greater in value by 61.2 per cent than the average for the pre-agreement period 1934-35, while exports to all other countries increased by an average of only 37.9.

Such tariff or tax increases, when proposed, obviously should be treated as amendments of existing tariff legislation and should receive the kind of consideration that would be given to specific

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tariff legislation. This would include study of the proposals on their own merits by experts of the Tariff Commission and other agencies of the Government and by the appropriate committees of the Congress, as elements in the general tariff structure and in relation to the country's commercial policy as a whole.

The inclusion of tariff revisions as parts of or as riders on other legislation creates a difficult situation for the Congress and a much more difficult situation for the Executive. It imposes upon the President the necessity of accepting tariff rate revisions which he may consider contrary to the public interest in order to preserve the main legislation. His only alternative is to veto the whole act and thereby delay and perhaps endanger the desirable and major portions of the Act. In this case the adoption of the amendments would make it my clear duty to veto H.R. 3790, however meritorious the bill may be.

Let me repeat, the trade agreements program is an essential part of our general program for economic recovery in this country. It is also, particularly at this critical stage of world affairs, a vital part of our foreign policy. Attacks on the trade agreements program such as that represented by this new drive for embargo tariffs on fats and oils are, therefore, attacks on our efforts to attain full prosperity at home and to promote economic disarmament and peaceful relations throughout the world.

Very sincerely yours,

The Honorable  
Pat Harrison,  
Chairman, Senate Finance Committee,  
United States Senate.

*NOTE:* On February 13, 1939, H. R. 3790 was passed by the House of Representatives as a bill dealing only with reciprocal income taxation on the incomes of federal and state employees. When it reached the Senate, amendments were of-

fered on February 27, 1939, and March 3, 1939, which were wholly irrelevant to the subject matter of H.R. 3790. They were amendments which proposed the enactment of increases in the import tax on certain fish oils, and in the proc-

#### 49. *Remarks at Tuskegee Institute*

essing tax on coconut oil, palm oil, and certain other vegetable oils and their derivatives.

In the Revenue Act of 1934, import taxes had been imposed on these fish oils and on the processing of these vegetable oils. Both these taxes were in effect tariff duties, although they were called "excise taxes," which is a term more properly applicable to internal taxes. It is clear from the record that these taxes were imposed primarily for purposes of tariff protection rather than for internal revenue.

I had previously requested the Congress to reconsider the processing tax on coconut oil because of its effect on our trade relations and political relations with the Philippine Islands; but no action had been taken by the Congress (see Item 94, 1934 volume).

The import taxes which the Senate amendments to H.R. 3790 sought to increase, had been placed in the Revenue Act in 1936.

I called attention in the foregoing letter to the fact that these proposed amendments were wholly in conflict with the trade agreements program which had resulted in so much benefit to the United States and to its foreign trade; and further stated that I would veto H.R. 3790 if it continued to carry these amendments, even though such veto would delay and perhaps endanger the more important portions of the Act.

As a result of the foregoing letter the proposed amendments were not pressed, and the bill was passed without the amendments on April 4, 1939 (53 Stat. 574).

#### 49 ¶ Informal, Extemporaneous Remarks at Tuskegee Institute, Tuskegee, Alabama. March 30, 1939

*Governor Dixon, Dr. Patterson and you, the students of Tuskegee:*

SOME of my more conservative friends in the north accuse me of being very persistent when I once make up my mind that a thing ought to be done for the good of humanity. They say that it is because I am part Scotch and part Dutch. I am afraid they are right. I try to be persistent and consistent.

I am fulfilling today a piece of persistency that began nearly thirty years ago when I had my first talk with Booker Washington. He asked me at that time to come to Tuskegee and see what he was doing and what his boys and girls were doing. I could not

#### *49. Remarks at Tuskegee Institute*

go then and I kept putting it off and then, for a good many years, Dr. Moton kept coming to see me, saying, "Why don't you come to visit us in Tuskegee?" I kept on saying, "Yes, I am going to come." And then Dr. Patterson in these later years has been saying, "Come and see us."

Well, I am persistent and consistent and here I am. I am proud to come to Tuskegee because I am proud of what Tuskegee has done. I wish that every American could come to Tuskegee and see what has been done. I do not know whether in any individual institution the members of that institution, the faculty and the students, realize how much they are being watched by the outside world. The things that they do in their institution count but, more than that, the things that their graduates do are things that count very greatly not only among the body of graduates, not only among their immediate neighbors but also throughout their State and throughout their Nation.

Your Congressman was telling me as we drove in here about a predecessor of his who had said that no graduate of Tuskegee had ever gone either to a penitentiary or to Congress.

As a matter of fact, because I travel around the country a good deal, I notice the graduates of Tuskegee more than some of you who are right here. I hear about a man or a woman, not only in the lower south but in the middle of the country and in the north, somebody who is making good, somebody who is having an influence over human service in his community. And then I hear that he or she is a graduate of Tuskegee and that is what counts.

I did not come here to make a formal address to you. This is a homely gathering. Tuskegee is a homey place. We think, necessarily and rightly, in terms of the American home. You are doing much, through your great body of graduates, to improve and bring it up to higher standards. That home today is not the old home of half a century ago. Because of necessity and modern invention it must extend its interest and its contacts with a great many other homes in its own community and with other people in neighboring communities just in the same way that no State

#### 49. *Remarks at Tuskegee Institute*

can become entirely self-contained or be as self-contained as it was twenty or thirty years ago.

More and more we are becoming a part of a Nation which, because of changing conditions, means that we have to take part, all the way down to the smallest community and the home, in national affairs. Alabama cannot hoe its own row differently from other States, neither can my State of Georgia. More and more they have to plan, plan for the future, plan for the present, plan to work with the other fellow. There is one thing you are learning, and that is that you have to cooperate with your fellow men and women, cooperate in your own community, in your own State and throughout the country.

That is why I have been not only interested but very proud of all that your graduates are doing and of the fine spirit of humane service that the overwhelming majority of them carry with them throughout their lives.

Dr. Moton was talking about getting old. There is one thing that he exemplifies, and that is the thought that it is a terrible thing for anybody to say, "Why should I keep on living?" We are coming to the realization that it is a great privilege to be alive, no matter what the number of years we have covered. As somebody has said, it is grand no matter how old you get, to want to keep on living because there is still so much to be done. That is the spirit of you youngsters; it is the spirit of us in middle life; and it is the spirit, increasingly, of the older people in our Nation.

And so, my boy and girl friends, keep the ideals of your youth all through your lives.

I am happy to have been here. I want to come back some day in the future and I will if I can. In the meantime I give you my affectionate regards. Good luck in all the days to come.

*NOTE:* On this trip to Tuskegee, Alabama, and Warm Springs, Georgia, I left Washington, D.C., on March 29, 1939, and returned April 10, 1939. In addition to the speeches printed as Items 49 and 50, I also made talks at Opelika, Alabama, on March 30; and Warm Springs, Georgia, on April 1, which are not printed in these volumes.

50 ¶ Informal, Extemporaneous Remarks at  
Alabama Polytechnic Institute. Auburn,  
Alabama. March 30, 1939

*My friends of Auburn:*

YOU ARE near neighbors of mine for, from the top of the hill behind my cottage at Warm Springs, I can see into Alabama. I am glad to come here. My contacts with Auburn in the past have been the famous football games held every autumn in Columbus and in those games I have to exercise very strict neutrality.

I am glad to come here and see the work that is being done. Last December I had a grave problem with the Senator and the Congressman as to whether we could get in under the line—get work started before that fateful January 1st—and I am told that the dirt did begin to fly and that the buildings are therefore entirely constitutional and legal.

I had an experience that did not go quite so well with the University of Alabama. Two years before, the President of the University came to Washington to thank me very much for some P.W.A. money that had been allocated for two dormitories to replace the old dormitories that were unsafe. The law at that time provided that we could only use these grants to aid State institutions to replace buildings that had fallen down or were burned down. The President of the University thanked me for the dormitories but, with tears in his eyes, said, “Mr. President, why didn’t you give us the new library too?” I said, “But the application did not say anything about an old library which had either fallen down or burned down.”

He said, “Mr. President, our library did burn down.” I said, “When?” And he said, “In ’64. General Sherman came our way.” I believe we stretched the point and went back three-quarters of a century to the date of the arson, and gave him a new library.

Driving over here from Tuskegee, I have been talking with

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your Governor and the Senator and the Congressman from this district about land. I have been horrified, as I always am horrified, at all that needs to be done in the future to conserve the soil of the South. That is one of the great problems that lies with this generation and with you of the coming generation. That is part of the necessary economy if the South is to survive. But it is tied up with other needs as well, and perhaps I can illustrate by telling you of my first experience with the agriculture of the South.

The first year I went to Warm Springs, fifteen, nearly sixteen years ago, I had a little cottage that was about a thousand feet from the old A. B. & A. tracks. The first night, the second night and the third night I was awakened out of a deep sleep by the sound of a very heavy train going through at pretty high speed and, as it went through town, the whistle blew and woke everybody up. So I went down to the station and said to the station-master, "What is that train that makes so much noise and why does it have to whistle at half past one in the morning?" "Oh," he said, "the fireman has a girl in town."

I asked him what that train was and he said, "That is the milk train for Florida." Well, I assumed of course, knowing that the climate of Florida, especially South Florida, is not very conducive to dairy purposes, that this train on the A. B. & A. contained milk and cream from Alabama and Georgia. I was wrong. That milk and cream for Florida came from Wisconsin, Minnesota, Iowa and Illinois and was taken through all the intervening States of Indiana, Ohio, Kentucky, Tennessee, Alabama and Georgia in order to supply milk and cream and butter for Florida.

That gave me a feeling that something was wrong with the agricultural economy of these States of the lower South, because you and I know from what we have been taught and from the experiments that have been made that these States can produce perfectly good milk and cream.

A little while later I went down to the village to buy some apples. Mind you, this place is only 75 miles from here. I knew

*50. Remarks at Alabama Polytechnic Institute*

of the magnificent apples raised at the southern end of the Appalachian System. I had tasted them; no apples in the world were better. Yet the apples in Meriwether County, Georgia, the only ones I could find, came from Washington and Oregon.

I went to buy meat—and I know that we can make pastures in these States—and the only meat that I could buy came via Omaha and Kansas City and Chicago.

I wanted to buy a pair of shoes and the only shoes I could buy had been made in Boston or Binghamton, New York, or St. Louis.

Well, that was fifteen years ago, and there wasn't very much change in that system of economy until about six years ago. It was then we began to ask ourselves, "Why is all this necessary?" I think that we have done more in those six years than in the previous sixty years all through these southern States to make them self-supporting and to give them a balanced economy that will spell a higher wage scale, a greater purchasing power and a more abundant life than they have had in all their history.

It means a lot of work. It means, incidentally, getting the South "out of hock" to the North. It means establishing your own enterprises down here with your own capital. I don't believe that the South is so broke that it cannot put its own capital into the establishment of its own enterprises.

You young men and women who go through Auburn and go out into every county in this State have a great responsibility, not only to put into practice what you have learned here but also to try to devise new methods, new means—experiments, if you like—in order to improve the conditions during your own lifetime. I believe you can do it because you are getting the fundamentals, the essential training, that will give you the personal capacity to use your imagination. We shall never get anywhere until we do more and more of that.

I have been called an imaginative person, an experimenter, a seeker of new ideals and, generally, when I have been called that, I have been called something else that does not sound so good.

51. *Five Hundred and Thirty-fourth Press Conference*

I believe that this country is going somewhere but it must depend for its future progress and prosperity very largely on the younger generation, the people under thirty, the people who have American ideals and are not afraid of trying new things.

I should like to live long enough to see soil erosion completely stopped in this State and a lot of other States. I should like to live long enough to see the products of factories supplying local needs, State needs. I hope to be able to come back to this State and to the State of Georgia before I die and see at least a part of that ideal come true. For the achievement of that ideal you are going to be responsible in large part.

I am glad to have been with you here today and next fall I shall—well, perhaps I shall lean a little bit more toward Auburn than I have before.

51 ¶ The Five Hundred and Thirty-fourth Press Conference (Excerpts). Warm Springs, Georgia.  
March 31, 1939

*(British and French attitude toward Nazi efforts to attain world dominance.)*

THE PRESIDENT: Well, you have never been down here before.  
How do you like it?

Q. Fine.

THE PRESIDENT: Well, do you feel better?

Q. All of them in the hay by twelve o'clock, Mr. President.

THE PRESIDENT: That is going some. After being up twenty-six hours, that is pretty good.

Q. Out of the hay at 8.30. We get fined if we don't. *(Laughter)*

THE PRESIDENT: I was sorry to make you work yesterday.

Q. We did not mind.

THE PRESIDENT: I did not have anything prepared. You went back to the old days, and had to write your own stories.

Q. It is a good thing, once in a while.

51. *Five Hundred and Thirty-fourth Press Conference*

THE PRESIDENT: I never made so many speeches in such a short time in my life.

Q. It carried us back to the old campaign days.

Q. That is right. We would not get that many platform appearances.

Q. Mr. President, have you seen the papers this morning that Great Britain has indicated willingness to fight if Hitler moves in against Poland?

THE PRESIDENT: Yes, and I have been in touch with the State Department and Europe and probably will continue to be in touch with the State Department and Europe two or three more times today.

Q. Whom were you in touch with in Europe, Mr. President?

THE PRESIDENT: That I cannot tell you.

Q. By telephone?

THE PRESIDENT: Yes.

Q. We can fix that up. (*Laughter*)

THE PRESIDENT: You will. (*Laughter*)

Q. Mr. President, what is the move over there which is threatening Poland at the moment?

THE PRESIDENT: Well, look, suppose I give you a background story without attribution. Does everybody understand what that means? In other words, do not bring me into it.

Q. Yes.

THE PRESIDENT: What is concerning Europe and all the rest of the world—not just Europe but all the rest of the world, meaning the Near East and the Far East and Africa and the Americas—is that the hopes that the world had last September, that the German policy was limited, and would continue to be limited, to bringing contiguous German people into the Reich and only German people, without bringing other races under the Reich—that those hopes have been dissipated by the events of the last few weeks. In other words, they have brought into the Reich a great many million Slavs; in addition to that, they have brought under the domination of the Reich a great many million Hungarians; and

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they have brought in part under the economic domination of the Reich a good many million Roumanians; none of which squares with the announced intention of Hitler up to and through the events of last autumn.

Therefore, it is felt by people in every continent that where there was a limit last autumn, there is no limit today. It makes a very different picture. And, there being no apparent limit today, this new policy may logically be carried out on an increasing scale in any part of the world.

From our point of view such a policy could, in the absence of any check to it — that is spelled “ch” and not “Cz” — mean German domination, not only in all the small nations of Europe, but very possibly on other continents.

We also know from the newspapers that there have been many stories of the fear of Switzerland, of the fears of Holland and Dutch Colonies, of the fear of the Baltic States, Finland, Esthonia, Latvia, of the fears of the Yugoslavs, and the fear of peoples in Asia Minor, Turkey and Persia, for example. In other words, a general fear of an effort by the Nazis to attain world dominance, and make subject to them a great many other nations and races. That is what is giving the world concern today.

Now, on the current situation, it seems to have been made clear by England and France today that they have decided there must be a halt to the continuation of a policy seeking to dominate other nations and peoples. Therefore, by their action, it has been put squarely up to Germany that if there should be war it would come only by an invasion of some other Nation by Germany; that there will be no war if there is no such invasion.

Thereby, the world is being put on notice as to where the responsibility will lie if there is war.

Now, don't quote this. It is just words of one syllable stuff. I think it covers it pretty well, and that is all that can be said.

Q. I was wondering at the beginning where you said they

*51. Five Hundred and Thirty-fourth Press Conference*

brought these millions of Slavs, I wondered whether you meant the Czechs?

THE PRESIDENT: They were originally Slavs. Call them Czechs and Slavs, that is the easiest way. . . .

Q. Do you expect to act on the Reorganization bill?

THE PRESIDENT: Yes, I think so, that and the defense bill. I shall have to do some studying on them.

It is suggested that we save the dedication [of the Warm Springs schoolhouse and hospital] for morning release.

Q. That suits us.

Q. It is a very hot story, but we will do it, Mr. President.  
(*Laughter*)

Q. Are you going to take Harry [Mr. Hopkins, who was riding alongside of the President] down in the pool with you?

THE PRESIDENT: Yes, I am going to make him take a bath. He has not had one for two months.

Q. Are you going to give him that medicine ball treatment? [Referring to the game of water polo in the pool which the President had on previous occasions played with some Cabinet Members, particularly Mr. Farley, and which he had turned into a pretty strenuous game.]

THE PRESIDENT: Yes.

Q. Have you been discussing anything with the Secretary of Commerce, Mr. President?

THE PRESIDENT: Yes. Last night we discussed the relative merits of bridge and poker. We came to no conclusion.

Q. Anything said about the ponies?

THE PRESIDENT: About what?

Q. Ponies?

THE PRESIDENT: No. Remind me to tell you a story about the ponies.

MR. HOPKINS: I will, don't worry. . . .

52 ¶ Presidential Statement on a Legislative Rider Tacked onto a Defense Measure.

April 4, 1939

IN SIGNING the Bill for emergency National Defense in relation to the Air Service and the purchase of a large number of additional planes, it is necessary to call attention to a so-called rider which was added to the Bill but which has no relation whatsoever to the title or the purpose of the Bill.

This rider gives the same retirement and pension privileges to Reserve Officers and enlisted men who may become disabled while on temporary thirty day duty as is accorded to regular Officers and men of the Army. In other words, any civilian, under certain circumstances, would get the same disability retirement privileges as those whose whole time is in the Government service.

This question is, of course, open to full and adequate study, but it seems a pity that without this study this clause, which will cost the Government a large sum of money, has been tacked onto an emergency defense measure to which it has no relationship whatsoever.

53 ¶ The Five Hundred and Thirty-seventh Press Conference (Excerpts). Warm Springs, Georgia. April 8, 1939

*(Military aggression and the control of world trade—Effect on our safety and prosperity when small nations lose their independence.)*

THE PRESIDENT: I hear you want a picture of the General?

[Speaking to the photographers who desired to take a picture of the President with General Watson.]

Q. We will take that after the Conference.

THE PRESIDENT: Do you think he will look all right then?

*53. Five Hundred and Thirty-seventh Press Conference*

Q. Yes, I have got him out of the wind here.

THE PRESIDENT: Do you think he can survive that long? There is an awful strain on him.

Q. I know, but he is bearing up under it nobly.

THE PRESIDENT: All right.

I have been talking all over the place this morning about the international thing; and there is a statement being issued, I suppose about this moment, by the Secretary of State, which we talked over this morning and which is being given out by him with my full approval in relation to Albania. I won't tell you anything more about it because it speaks for itself.

Q. Mr. President, have you been informed as to the latest news from there? I had a message a little while ago that the Italians marched into Tirana —

THE PRESIDENT: [interposing] The capital? . . .

That is what I got over the telephone.

Q. Mr. President, did you talk to Europe by telephone?

THE PRESIDENT: Oh, yes. . . .

Q. Mr. President, can you give us any idea as to what this Albania business means, as to what they are driving to? It does not seem to be very valuable territory.

THE PRESIDENT: I cannot talk about Albania directly because that is covered in a State Department statement by the Secretary of State. But, if you want another story like last week, "sources close to the White House" on one phase that you have not touched yet, I think it would be all right to talk about it.

This is what might be called the second phase of military aggression. One of the results of successful military aggression by any Nation or group of nations is the control of commerce, not only within their own territory but in other territories — other independent nations — which they can threaten because of their military power.

For example, if military domination were to keep on expanding, the influence of that military aggression would be

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felt in world trade all over the world, for the very simple reason that the aggressor nations would extend their barter system. The Nations of the world that pay better wages and work shorter hours are immediately faced, because of the barter system of the aggressor nations, with a loss of world trade. That is obvious because the aggressor nations can and do work their people much longer hours and for much lower pay.

Therefore, the nations that do not belong to the aggressor group are faced with three alternatives: The first is to build the old Chinese Wall around themselves, and to do no world trade whatsoever—no exports, no imports, to try to live wholly within themselves. The result of the Chinese Wall method is to reduce, necessarily, the national income because they immediately are unable to export any of their surplus goods.

But, assuming that they do not adopt the Chinese Wall policy of having no trade, no shipping, you come down to the two other alternatives: The first is to lower their own standard of living and try to compete in the world markets by reducing the wages they pay and increasing the hours of work. That would be one alternative for us, if we did not go to the Chinese Wall method.

The other alternative would be to subsidize the export of American products as a national policy. Immediately you do that, it means that the subsidy has to be paid out of the Federal Treasury; and, while it would begin on half a dozen products that had strong Congressional backing, it would get into the logrolling end of things, and we would have to subsidize practically all of our products. That would mean a vast sum of money spent on subsidies; and that would either add to the national debt, or we would have to pay for it out of the taxpayers' pockets by increasing the whole of the tax system from top to bottom.

That is one reason why all of this—the continued expansion of military aggression—is necessarily bringing us, every

53. *Five Hundred and Thirty-seventh Press Conference*

single day that it continues, closer to the time when we shall be faced with a loss of our trade and our shipping, and have to make the choice of one of those three methods.

That is an angle of the present international situation that ought to be given a lot of consideration because it affects, of course, not only industries and industrial workers in the United States—large businesses, small businesses—but it also affects the farmers and all of the agricultural end of the country.

Now, those are words of one syllable, but I think you get the idea. It is a phase of this thing, the international picture, that ought to be stressed.

There is a swell story for you.

Q. Would you care to mention, Mr. President, for the same kind of treatment, what you were telling us going down on the train to Florida about constant disappearance of borderlines of independent nations and how that brings closer to every democracy the threat of aggression nearer its—

THE PRESIDENT: [interposing] Of course that is a part of current history—the continuing disappearance of the independence of small Nations. Of course, you can go back to the famous Senatorial conference. What was said was, of course, perfectly obvious—that the continued political, economic and social independence of every small Nation in the world does have an effect on our national safety and prosperity. Each one that disappears weakens our national safety and prosperity. That is all there was to the Senatorial conference.

Q. I think we ought to be able to write something on that.

THE PRESIDENT: You are doing all right.

Q. Are you going down to the pool?

THE PRESIDENT: Yes.

55. *Purchase of Argentine Beef*

54 ¶ Extemporaneous Remarks Warning of Approaching War. Warm Springs, Georgia.

April 9, 1939

*My friends of Warm Springs:*

I HAVE had a fine holiday here with you all. I'll be back in the fall if we do not have a war.

55 ¶ The President Approves Purchase of Low-Bid Canned Argentine Beef. April 13, 1939

*My dear Mr. Secretary:*

YOUR LETTER of April 5, 1939, expresses keen interest in an award under consideration by the Navy Department for the supply of 48,000 pounds of canned corned beef, involving bids on Argentine beef in competition with domestic beef. You urge that the award be made to the low bidder on the Argentine corned beef.

I am impressed with the fact that the price quoted by the Argentine Meat Producers' Cooperative is \$.157 per pound against the lowest bid on an American product of \$.2361. After payment of the duty of \$.06 per pound on Argentine canned corned beef, the net cost to the Government would be about \$.097 per pound.

It is also of moment that at the present time there is a decided difference in the quality of the Argentine product and that packed by American packers. An examination made of samples of domestic and Argentine corned beef shows that the Argentine product is of greatly superior quality and it is the Navy Department's policy to procure for the enlisted men a high quality of food when it can be obtained at a reasonable cost on a competitive basis.

Sympathetic as I am with the spirit of the Buy-American Act, these facts compel me to direct the Secretary of the Navy to

### 55. *Purchase of Argentine Beef*

award the contract for this canned corned beef to the Argentine Meat Producers' Cooperative, the low bidder. Under the circumstances, I feel that by so doing the intent of the Buy-American Act has not been violated.

Very sincerely yours,

The Honorable  
The Secretary of State

*NOTE:* On January 5, 1939, the Navy Department called for bids for 48,000 pounds of canned corned beef for the use of Navy personnel.

The bid of the Argentine Meat Producers' Cooperative was 9 cents, as against 23 cents a pound which was the lowest American bid. Adding a duty of 6 cents a pound to the imported product (which would, of course, go into the United States Treasury), the Argentine bid was 8 cents a pound lower than the lowest bid of an American producer.

Because this saving was far more than the legal margin of 25 per cent in favor of domestic bids, the award to the Argentine bidder was wholly legal.

There was, of course, deep concern in this award on the part of the Argentine government. In the interest of our relations with Argentina, as well as in the interest of a large saving to our own taxpayers, the award was approved.

There then broke out a torrent of protest which was in large part based on an outrageous attempt to deceive the public, especially in the cattle producing states. American

packers and the American National Live Stock Association demanded that the much lower foreign bid be disregarded, and that the far more costly domestic bid be accepted. At this point these lobbyists undertook a great deception.

Here are the true facts: It is well known that in certain parts of the Argentine Republic the hoof-and-mouth disease has been a scourge. This hoof-and-mouth disease can be carried, and has been carried, to many parts of Europe through the medium of fresh beef, i.e., uncooked beef, sent to various parts of the world in refrigerator ships. Fearing the spread of this hoof-and-mouth disease to the cattle of the United States, the Congress has forbidden the importation of fresh, raw Argentine beef. It may be said, in parenthesis, that this action of the Congress had failed to discriminate between those parts of the Argentine Republic which had the hoof-and-mouth disease and the other parts of the Argentine Republic which had no hoof-and-mouth disease.

The main point is that uncooked beef is a carrier of the bacillus. On

## 55. *Purchase of Argentine Beef*

the other hand, cooked beef is not a carrier. The cooking kills the germ. The Congress, many years ago, recognized this distinction, because there had been no prohibition inserted in the law excluding Argentine cooked beef as distinguished from raw beef.

Corned beef is, of course, cooked beef. As a matter of simple fact, the Argentine cattle growers, with a relatively small domestic field of consumption, use in the corned beef which they process a far higher grade of beef than the American packing companies.

That is why, in the average hotel or restaurant in the United States, including the cattle states themselves, the patron who asks for corned beef hash is served with corned beef hash out of a tin packed in the Argentine Republic, in Uruguay or in Brazil—for the very simple reason that the quality of this South American produced cooked corned beef is much higher than the quality of American produced corned beef.

This was where the deception had its origin. It became necessary for these lobbyists to make the American public think that the Navy was buying Argentine beef in competition with American beef. This was, of course, not true because American uncooked beef is of extremely high quality, and because Argentine raw beef cannot be imported, in any case, under the law.

The Argentine government and

press hailed the purchase of Argentine cooked corned beef by the Navy; but reaction in the Congress was distinctly unfavorable, and many members of the Congress itself, failed to discriminate between the facts of the case and the propaganda of the lobbyists.

As a result, an amendment was passed to the then pending naval appropriations bill providing that foodstuffs for the Navy must be limited to products produced in the United States or its possessions.

The law was specific; and, accordingly, the purchase of Argentine canned corned beef had to be thereafter discontinued.

This year, therefore, up to March, 1941, the American Navy had to continue to eat a lower quality of domestic canned corned beef at a far higher price. The price of the domestic canned corned beef rose from 25 cents a pound to 33 cents a pound. The better Argentine canned corned beef sold for 16 cents a pound, plus the duty of 6 cents, which, as I have pointed out, returns to the United States Treasury.

Finally, the fifth supplemental national defense appropriation bill for 1941 contained an amendment providing, in effect, that if the head of a department determines that articles of food produced here cannot be procured when needed, in sufficient quantities, of satisfactory quality, and at reasonable prices, similar foreign products may be purchased.

## 56. *Address to Pan American Union*

As a result, canned corned beef may now be obtained by the Army and Navy in a better quality and at cheaper prices. Furthermore, as a result of this amendment, the solidarity of the American Republics and friendly relations among them have been definitely aided.

56 ¶ “We Hold Our Conferences Not As a Result of Wars, But As the Result of Our Will to Peace.” Address to the Governing Board of the Pan American Union. April 14, 1939

*Gentlemen of the Pan American Union:*

I AM GLAD to come here today on our Pan American forty-ninth birthday.

The American family of Nations pays honor today to the oldest and most successful association of sovereign Governments which exists in all the world.

Few of us realize that the Pan American organization as we know it, has now attained a longer history and a greater catalogue of achievements than any similar group known to modern history. Justly we can be proud of it. With even more right we can look to it as a symbol of great hope at a time when much of the world finds hope dim and difficult. Never was it more fitting to salute Pan American Day than in the stormy present.

For upwards of half a century the Republics of the Western World have been working together to promote their common civilization under a system of peace. That venture, launched so hopefully fifty years ago, has succeeded. The American family is today a great cooperative group facing a troubled world in serenity and calm.

This success of the Western Hemisphere is sometimes attributed to good fortune. I do not share that view. There are not wanting here all of the usual rivalries, all of the normal human desires for power and expansion, all of the commercial prob-

## 56. *Address to Pan American Union*

lems. The Americas are sufficiently rich to have been themselves the object of desire on the part of overseas Governments; our traditions in history are as deeply rooted in the Old World as are those of Europe.

It was not accident that prevented South America, and our own West, from sharing the fate of other great areas of the world in the nineteenth century. We have here diversities of race, of language, of custom, of natural resources; and of intellectual forces at least as great as those which prevailed in Europe.

What was it that has protected us from the tragic involvements which are today making the Old World a new cockpit of old struggles? The answer is easily found. A new, and powerful ideal—that of the community of nations—sprang up at the same time that the Americas became free and independent. It was nurtured by statesmen, thinkers and plain people for decades. Gradually it brought together the Pan American group of Governments; today it has fused the thinking of the peoples, and the desires of their responsible representatives toward a common objective.

The result of this thinking through all these years has been to shape a typically American institution. This is the Pan American group, which works in open conference, by open agreement. We hold our conferences not as a result of wars, but as the result of our will to peace.

Elsewhere in the world, to hold conferences such as ours, which meet every five years, it is necessary to fight a major war, until exhaustion or defeat at length brings Governments together to reconstruct their shattered fabrics.

Greeting a conference at Buenos Aires in 1936, I took occasion to say this:

“The madness of a great war in another part of the world would affect us and threaten our good in a hundred ways. And the economic collapse of any Nation or nations must of necessity harm our own prosperity. Can we, the Republics of the New World, help the Old World to avert the catastrophe which impends? Yes, I am confident that we can.”

## *56. Address to Pan American Union*

I still have that confidence. There is no fatality which forces the Old World towards new catastrophe. Men are not prisoners of fate, but only prisoners of their own minds. They have within themselves the power to become free at any moment.

Only a few days ago the head of a great Nation referred to his country as a "prisoner" in the Mediterranean. A little later, another chief of state, on learning that a neighbor country had agreed to defend the independence of another neighbor, characterized that agreement as a "threat" and an "encirclement." Yet there is no such thing as encircling or threatening, or imprisoning any peaceful Nation by other peaceful nations. We have reason to know that in our own experience.

For instance, on the occasion of a visit to the neighboring Dominion of Canada last summer, I stated that the United States would join in defending Canada were she ever attacked from overseas. Again at Lima, in December last, the twenty-one American Nations joined in a declaration that they would coordinate their common efforts to defend the integrity of their institutions from any attack, direct or indirect.

At Buenos Aires, in 1936, all of us agreed that in the event of any war or threat of war on this continent, we would consult together to remove or obviate that threat. Yet in no case did any American Nation regard any of these understandings as making any one of them a "prisoner," or as "encircling" any American country, or as a threat of any sort or kind.

Measures of this kind taken in this hemisphere are taken as guarantees, not of war but of peace, for the simple reason that no Nation on this hemisphere has any will to aggression, or any desire to establish dominance or mastery. Equally, because we are interdependent, and because we know it, no American Nation seeks to deny any neighbor access to the economic and other resources which it must have to live in prosperity.

In these circumstances, my friends, dreams of conquest appear to us as ridiculous as they are criminal. Pledges designed to prevent aggression, accompanied by the open doors of trade and intercourse, and bound together by common will to cooperate

## 56. *Address to Pan American Union*

peacefully, make warfare between us as outworn and useless as the weapons of the Stone Age. We may proudly boast that we have begun to realize in Pan American relations what civilization in intercourse between countries really means.

If that process can be successful here, is it too much to hope that a similar intellectual and spiritual process may succeed elsewhere? Do we really have to assume that nations can find no better methods of realizing their destinies than those which were used by the Huns and the Vandals fifteen hundred years ago?

The American peace which we celebrate today has no quality of weakness in it! We are prepared to maintain it, and to defend it to the fullest extent of our strength, matching force to force if any attempt is made to subvert our institutions, or to impair the independence of any one of our group.

Should the method of attack be that of economic pressure, I pledge that my country will also give economic support, so that no American Nation need surrender any fraction of its sovereign freedom to maintain its economic welfare. This is the spirit and intent of the Declaration of Lima: the solidarity of the continent.

The American family of Nations may also rightfully claim, now, to speak to the rest of the world. We have an interest, wider than that of the mere defense of our sea-ringed continent. We know now that the development of the next generation will so narrow the oceans separating us from the Old World, that our customs and our actions are necessarily involved with hers, whether we like it or not.

Beyond question, within a scant few years air fleets will cross the ocean as easily as today they cross the closed European seas. Economic functioning of the world becomes therefore necessarily a unit; no interruption of it anywhere can fail, in the future, to disrupt economic life everywhere.

The past generation in Pan American matters was concerned with constructing the principles and the mechanisms through which this hemisphere would work together. But the next gen-

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eration will be concerned with the methods by which the New World can live together in peace with the Old.

The issue is really whether our civilization is to be dragged into the tragic vortex of unending militarism punctuated by periodic wars, or whether we shall be able to maintain the ideal of peace, individuality and civilization as the fabric of our lives. We have the right to say that there shall not be an organization of world affairs which permits us no choice but to turn our countries into barracks, unless we are to be the vassals of some conquering empire.

The truest defense of the peace of our hemisphere must always lie in the hope that our sister nations beyond the seas will break the bonds of the ideas that constrain them toward perpetual warfare. By example we can at least show them the possibility. We, too, have a stake in world affairs.

Our will to peace can be as powerful as our will to mutual defense; it can command greater loyalty, greater devotion, greater discipline than that enlisted elsewhere for temporary conquest or equally futile glory. It will have its voice in determining the order of world affairs in the days to come.

This, gentlemen, is the living message which the New World can and does send to the Old. It can be light opening on dark waters. It shows the path of peace.

*NOTE:* The Eighth International Conference of American States was held at Lima, Peru, December 9 to 27, 1938. The Seventh International Conference of American States had been held at Montevideo, Uruguay, in 1933 (see Item 156 and note, 1933 volume), and a special Inter-American Conference for the Maintenance of Peace had been held, at my suggestion (see Item 17, 1936 volume), in Buenos Aires, Argentina, in 1936.

Conference was headed by Secretary of State Cordell Hull, who addressed the delegates of the twenty-one American republics represented at the Conference on December 10, December 24, and December 27.

The Lima Conference, among other things, adopted a resolution on the reduction of trade barriers, and also numerous agreements, some of which dealt with the development of communication facilities, the interchange of cultural

The American delegation to the

## 56. *Address to Pan American Union*

and educational facilities, the improvement of conditions for workmen, and the conservation of historic sites and wildlife protection.

The Conference unanimously approved the "Declaration of the Solidarity of America," commonly known as the "Declaration of Lima," the text of which follows:

"The Eighth International Conference of American States

"CONSIDERING:

"That the peoples of America have achieved spiritual unity through the similarity of their republican institutions, their unshakable will for peace, their profound sentiment of humanity and tolerance, and through their absolute adherence to the principles of international law, of the equal sovereignty of States and of individual liberty without religious or racial prejudices;

"That on the basis of such principles and will, they seek and defend the peace of the continent and work together in the cause of universal concord;

"That respect for the personality, sovereignty, and independence of each American State constitutes the essence of international order sustained by continental solidarity, which historically has been expressed and sustained by declarations and treaties in force; and

"That the Inter-American Conference for the Maintenance of Peace, held at Buenos Aires, approved on December 21, 1936, the

Declaration of the Principles of Inter-American Solidarity and Cooperation, and approved, on December 23, 1936, the Protocol of Nonintervention,

"The Governments of the American States

"DECLARE:

"First. That they reaffirm their continental solidarity and their purpose to collaborate in the maintenance of the principles upon which the said solidarity is based.

"Second. That faithful to the above-mentioned principles and to their absolute sovereignty, they reaffirm their decision to maintain them and to defend them against all foreign intervention or activity that may threaten them.

"Third. And in case the peace, security or territorial integrity of any American Republic is thus threatened by acts of any nature that may impair them, they proclaim their common concern and their determination to make effective their solidarity, coordinating their respective sovereign wills by means of the procedure of consultation, established by conventions in force and by declarations of the Inter-American conferences, using the measures which in each case the circumstances may make advisable. It is understood that the Governments of the American Republics will act independently in their individual capacity, recognizing fully their juridical equality as sovereign states.

## 57. *Messages to Hitler and Mussolini*

"Fourth. That in order to facilitate the consultations established in this and other American peace instruments, the Ministers for Foreign Affairs of the American Republics, when deemed desirable and at the initiative of any one of them, will meet in their several capitals by rotation and without protocolary character. Each government may, under special circumstances or for special reasons, designate a representative as a substitute for its Minister for Foreign Affairs.

"Fifth. This Declaration shall be known as the 'Declaration of Lima.'"

The Conference also restated a "Declaration of American Principles" which it adjudged necessary for the maintenance of peace and world order. These included the principle of non-intervention in

the affairs of other states, the banning of force as an instrument of policy, and renewed determination to employ the peaceful processes of international law and treaties for the maintenance of peaceful relationships.

When war broke out in Europe, a consultative meeting of the foreign ministers of the American republics was held in Panama, September 23 to October 3, 1939, in accordance with the procedure outlined at the Buenos Aires Conference (see note to Item 227, page 616, 1936 volume; and note to Item 61, pages 229-230, 1937 volume) and at the Lima Conference. This Panama meeting is discussed in the note to Item 122, this volume. A second meeting was held at Habana, Cuba, in July, 1940 (see Item 95 and note, 1940 volume).

## 57 ¶ The President Again Seeks a Way to Peace. A Message to Chancellor Adolf Hitler and Premier Benito Mussolini. April 14, 1939

*His Excellency*

*Adolf Hitler,*

*Chancellor of the German Reich,  
Berlin, Germany*

YOU REALIZE, I am sure, that throughout the world hundreds of millions of human beings are living today in constant fear of a new war or even a series of wars.

The existence of this fear—and the possibility of such a conflict—are of definite concern to the people of the United States

*57. Messages to Hitler and Mussolini*

for whom I speak, as they must also be to the peoples of the other nations of the entire Western Hemisphere. All of them know that any major war, even if it were to be confined to other continents, must bear heavily on them during its continuance and also for generations to come.

Because of the fact that after the acute tension in which the world has been living during the past few weeks there would seem to be at least a momentary relaxation—because no troops are at this moment on the march—this may be an opportune moment for me to send you this message.

On a previous occasion I have addressed you in behalf of the settlement of political, economic, and social problems by peaceful methods and without resort to arms.

But the tide of events seems to have reverted to the threat of arms. If such threats continue, it seems inevitable that much of the world must become involved in common ruin. All the world, victor nations, vanquished nations, and neutral nations, will suffer. I refuse to believe that the world is, of necessity, such a prisoner of destiny. On the contrary, it is clear that the leaders of great nations have it in their power to liberate their peoples from the disaster that impends. It is equally clear that in their own minds and in their own hearts the peoples themselves desire that their fears be ended.

It is, however, unfortunately necessary to take cognizance of recent facts.

Three nations in Europe and one in Africa have seen their independent existence terminated. A vast territory in another independent Nation of the Far East has been occupied by a neighboring State. Reports, which we trust are not true, insist that further acts of aggression are contemplated against still other independent nations. Plainly the world is moving toward the moment when this situation must end in catastrophe unless a more rational way of guiding events is found.

You have repeatedly asserted that you and the German people have no desire for war. If this is true there need be no war.

Nothing can persuade the peoples of the earth that any gov-

erning power has any right or need to inflict the consequences of war on its own or any other people save in the cause of self-evident home defense.

In making this statement we as Americans speak not through selfishness or fear or weakness. If we speak now it is with the voice of strength and with friendship for mankind. It is still clear to me that international problems can be solved at the council table.

It is therefore no answer to the plea for peaceful discussion for one side to plead that unless they receive assurances beforehand that the verdict will be theirs, they will not lay aside their arms. In conference rooms, as in courts, it is necessary that both sides enter upon the discussion in good faith, assuming that substantial justice will accrue to both; and it is customary and necessary that they leave their arms outside the room where they confer.

I am convinced that the cause of world peace would be greatly advanced if the nations of the world were to obtain a frank statement relating to the present and future policy of Governments.

Because the United States, as one of the Nations of the Western Hemisphere, is not involved in the immediate controversies which have arisen in Europe, I trust that you may be willing to make such a statement of policy to me as head of a Nation far removed from Europe in order that I, acting only with the responsibility and obligation of a friendly intermediary, may communicate such declaration to other nations now apprehensive as to the course which the policy of your Government may take.

Are you willing to give assurance that your armed forces will not attack or invade the territory or possessions of the following independent nations: Finland, Estonia, Latvia, Lithuania, Sweden, Norway, Denmark, The Netherlands, Belgium, Great Britain and Ireland, France, Portugal, Spain, Switzerland, Liechtenstein, Luxemburg, Poland, Hungary, Rumania, Yugoslavia, Russia, Bulgaria, Greece, Turkey, Iraq, the Arabias, Syria, Palestine, Egypt and Iran.

Such an assurance clearly must apply not only to the present

day but also to a future sufficiently long to give every opportunity to work by peaceful methods for a more permanent peace. I therefore suggest that you construe the word "future" to apply to a minimum period of assured non-aggression—ten years at the least—a quarter of a century, if we dare look that far ahead.

If such assurance is given by your Government, I shall immediately transmit it to the Governments of the nations I have named and I shall simultaneously inquire whether, as I am reasonably sure, each of the nations enumerated will in turn give like assurance for transmission to you.

Reciprocal assurances such as I have outlined will bring to the world an immediate measure of relief.

I propose that if it is given, two essential problems shall promptly be discussed in the resulting peaceful surroundings, and in those discussions the Government of the United States will gladly take part.

The discussions which I have in mind relate to the most effective and immediate manner through which the peoples of the world can obtain progressive relief from the crushing burden of armament which is each day bringing them more closely to the brink of economic disaster. Simultaneously the Government of the United States would be prepared to take part in discussions looking toward the most practical manner of opening up avenues of international trade to the end that every Nation of the earth may be enabled to buy and sell on equal terms in the world market as well as to possess assurance of obtaining the materials and products of peaceful economic life.

At the same time, those Governments other than the United States which are directly interested could undertake such political discussions as they may consider necessary or desirable.

We recognize complex world problems which affect all humanity but we know that study and discussion of them must be held in an atmosphere of peace. Such an atmosphere of peace cannot exist if negotiations are overshadowed by the threat of force or by the fear of war.

I think you will not misunderstand the spirit of frankness in

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which I send you this message. Heads of great Governments in this hour are literally responsible for the fate of humanity in the coming years. They cannot fail to hear the prayers of their peoples to be protected from the foreseeable chaos of war. History will hold them accountable for the lives and the happiness of all—even unto the least.

I hope that your answer will make it possible for humanity to lose fear and regain security for many years to come.

A similar message is being addressed to the Chief of the Italian Government.

(No direct answer to the foregoing appeal was received by me from either Hitler or Mussolini. For the press conference discussion of the foregoing, see Item 59, this volume.)

58 ¶ Address on the One Hundred and Fiftieth Anniversary of the Formal Announcement of the Election of the First President of the United States. April 14, 1939

*Madam Regent, Mr. Director General, ladies and gentlemen:*

WE HAVE come to the home of George Washington today in memory of that other day, exactly one hundred and fifty years ago, when the owner of Mount Vernon received a message from the first Congress of the United States.

Here in his beloved Mount Vernon he listened to the formal message from the Congress announcing his election as the first President of the United States of America.

Charles Thomson, his guest, had ridden hither from New York to bring it—Charles Thomson, native of County Derry in Ireland, a Pennsylvania Irishman, with a passionate zeal for liberty, who, through fifteen eventful years, had served as the Secretary of the Continental Congress.

We who are here today can readily visualize that scene from

### *58. Anniversary of First Presidential Election*

this porch—the sprouting lawn, the budding trees and the dogwoods, and the majestic Potomac running by at the foot of the hill. We can visualize the thoughts, too, which flowed through General Washington's mind. Saying farewell to his army in 1783, the independence of the Colonies assured, he, already the Father of his Country, had returned to his beloved home with the expectation that his task was done and that he would live a happy and useful life on his broad acres during the remainder of his days.

But trying times still lay ahead for the struggling nation, and those years after 1783 proved the most critical peace years in all our history.

Called from his home, he had presided with skill and patience over the Constitutional Convention of 1787. And anxiety and doubt had attended him for many months thereafter while he waited for belated news that the Constitution itself had been ratified by the States.

I take it that when the permanent framework of the Union had been assured in the summer of 1788, the elections ordered, and the First Congress summoned, General Washington must have known that the task of the Presidency would, without question, fall on him.

It meant that once more he would leave Mount Vernon behind him, with no certainty of his return, and that on his shoulders, in the far off North, would lie the burden of initiating the civil leadership of a new, untried Republic.

He knew that his would be the task of ending uncertainty, of ending jealousy between the several States and of creating, with the help of the Congress, a functioning national government fit to take its place among the organized nations of the world.

Two days later he and his family were to set forth on that long and difficult journey by highway and ferry and barge, which was to culminate in his Inauguration as President on the balcony of Federal Hall in New York City on April 30, 1789.

Doubtless on this very porch he sat with Charles Thomson

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hearing at first-hand of the long efforts of the first Senate and the first House of Representatives to obtain a quorum, learning of the unanimity by which the votes of the Electors were cast for him, listening to the precedents that were being set in the conduct of the first Legislature under the Constitution, and thinking doubtless that his own every move, from that day on for many years, would be chronicled for future generations and thereby set the tempo and the customs of the Presidency of the United States.

But I am to be forgiven if I, the thirty-first individual who has borne the title of President, dwell for a moment on the feelings within the heart of him who was about to be the first President.

Washington was essentially a man close to mother earth. His early training on a plantation, his profession of surveyor, his studies in agriculture and the development of farm lands were never replaced by his outstanding military service under Braddock or as Commander-in-Chief for the eight years of the Revolution.

We know that when Mount Vernon came to him by inheritance, here his heart was planted for all time. Here he could talk with his neighbors about the improvement of navigation on the river, about grist mills on the creeks, about the improving of highways, about the dream of a canal to the western country, about saw mills and rotation of crops, about the top soil, which even then had begun to run off to the sea, about the planting of trees, new varieties of food and fodder crops, new breeds of horses and cattle and sheep.

Here, too, he had his books and was in touch with the authors and artists of the new and old worlds.

Here at the junction point of the North and the South, at the foot of one of the main arteries that led to the exciting new lands beyond the mountains, the travelers and the news stopped at his door.

Rightly he must have felt that his labors in the service of his State and of his Nation had rounded out his contribution to

59. *Five Hundred and Thirty-ninth Press Conference*

the public weal. Rightly he must have felt that he had earned the privilege of returning for all time to the private life which had been his dream.

That Washington would have refused public service if the call had been a normal one has always been my belief. But the summons to the Presidency had come to him in a time of real crisis and deep emergency. The dangers that beset the young nation were as real as though the very independence that Washington had won for it had been threatened once more by foreign foes. Clear it must have been that the permanence of the Republic was at stake and that if the new government, under the Constitution, should fail in its early days, the several states falling out among themselves would become so many small and weak nations subject to attack and conquest from overseas.

So, my friends, it came about that once more he put from him the life he loved so well, and took upon himself the Presidency.

That cannot have been a wholly happy day for General and Mrs. George Washington on the fourteenth of April 1789—it must have been a day of torn emotions, a day of many regrets.

But the decision had been made. We, their successors, are thankful for that decision and proud of it. And I think that it would have made General and Mrs. Washington happy if they had known then that one hundred and fifty years later tens of millions of Americans would appreciate and understand how they felt that day in their Mount Vernon home.

59 ¶ The Five Hundred and Thirty-ninth Press Conference. April 15, 1939

*(Peace appeals sent to Hitler and Mussolini.)*

THE PRESIDENT: Good morning.

Q. Good morning, Mr. President.

THE PRESIDENT: Quite a few people missing today.

59. *Five Hundred and Thirty-ninth Press Conference*

Q. Quite a few; yes, sir.

Q. We really have correspondents here today.

THE PRESIDENT: Yes, the real correspondents this time. My Lord, is this all there are? They don't know what they are missing.

The cause for this—what I am going to read to you—is that for the second or third time I feel that we in this country should leave no stone unturned to prevent war and, having made this decision, the State Department, the Secretary of State and I both slept last night with a clearer conscience than we had had before.

In other words, in doing this, we are doing what we can to save humanity from war.

We sent off at nine o'clock last night the following two dispatches: The first is directly from me to Chancellor Hitler. The other is from the Secretary of State—approximately the same message—to Premier Mussolini. You understand the reason for that, that he is the Premier, and Chancellor Hitler is the head of the State.

The messages are identical except for the transposition of the word, in one or two places, of "Italy" for "Germany."

Now I thought, as I went over it, that there are one or two little background things I could give you as I read it. It is very, very short, but let me interpolate as I go through it. This [interpolation] is not for quote or attribution—it is background for you.

"THE WHITE HOUSE

"April 14, 1939

*"His Excellency*

*Adolf Hitler,*

*Chancellor of the German Reich,*

*Berlin, Germany*

"You realize, I am sure, that throughout the world hundreds of millions of human beings are living today in constant fear of a new war or even a series of wars.

"The existence of this fear—and the possibility of such

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a conflict—are of definite concern to the people of the United States for whom I speak, as they must also be to the peoples of the other nations of the entire Western Hemisphere.”

You will note that I did not assume to speak for them. I said, “as they must also be for them.”

“All of them know that any major war, even if it were to be confined to other continents, must bear heavily on them.” —

I did not say “all the people of the Western Hemisphere.”

“heavily on them during its continuance and also for generations to come.

“Because of the fact that after the acute tension in which the world has been living during the past few weeks there would seem to be at least a momentary relaxation—because no troops are at this moment on the march—this may be an opportune moment for me to send you this message.”

Well, in other words—this is on the background end of it—it has always been a problem for us in this country, if we want to try to do something by way of a message or an appeal for the averting of war, to do it at such time as there would be the greatest prospect of success. And there is, of course, less prospect of success in making any appeal when troops are actually on the march or have actually invaded another country.

I think we can remember that in the last two instances of the ending of independence of two nations, they occurred—both incidents—occurred so fast and with such little warning that there would not have been time for us to make an appeal. That was true in the case of the invasion of Czechoslovakia, and also the invasion of Albania. The thing was a *fait accompli* before you could get a cable over to the other side; and, therefore, this seems to be an appro-

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priate time to make this appeal, because there are, at the present moment, no troops that are marching to the invasion of, or have invaded, some neighboring State. It is, let us say, a moment of peace.

“On a previous occasion I have addressed you in behalf of the settlement of political, economic, and social problems by peaceful methods and without resort to arms.”

That was the time of Munich, last fall.

“But the tide of events seems to have reverted to the threat of arms. If such threats continue, it seems inevitable that much of the world must become involved in common ruin. All the world, victor nations, vanquished nations, and neutral nations will suffer.”

If I were writing a story I would stress the word “neutral” — “neutral nations” — in recognition of the fact that there would be, undoubtedly, a great many neutral nations but that they would suffer also.

“I refuse to believe that the world is, of necessity, such a prisoner of destiny. On the contrary, it is clear that the leaders of great nations have it in their power to liberate their peoples from the disaster that impends. It is equally clear that in their own minds and in their own hearts the peoples themselves desire that their fears be ended.”

I think that applies to peoples in every nation of the world, literally without exception.

“It is, however, unfortunately necessary to take cognizance of recent facts.

“Three nations in Europe and one in Africa have seen their independent existence terminated. A vast territory in another independent Nation of the Far East has been occupied by a neighboring State. Reports, which we trust are not true, insist that further acts of aggression are contemplated against still other independent nations. Plainly

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the world is moving toward the moment when this situation must end in catastrophe unless a more rational way of guiding events is found."

And, in connection with that, just for background, I think some of you will remember on the way down to Key West, I said that it might be possible that I would have to curtail my cruise and come back here. A good many people laughed at me for saying that. Of course it wasn't alarmist — it was just straight, plain fact. It was not necessary for me to return, but, of course, after that Czechoslovakia ceased to exist, and, when a thing like that happens, nobody can tell how far the fire will spread.

There is a good deal that has come out in the press about the danger of things on the other side; and of course those published stories are implemented for us by the confidential information we receive from our own people on the other side. I think we recognize not only from what you read but also add to that what we know from Government sources, that it is a pretty dangerous, pretty anxious moment in Europe.

"You have repeatedly asserted that you and the German people have no desire for war. If this is true there need be no war.

"Nothing can persuade the peoples of the earth that any governing power has any right or need to inflict the consequences of war on its own or any other people save in the cause of self-evident home defense."

I used the words "home defense" because nobody can get around that. That means "home defense" and does not mean defense thousands and thousands of miles away.

"In making this statement we as Americans speak not through selfishness or fear or weakness. If we speak now it is with the voice of strength and with friendship for

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mankind. It is still clear to me that international problems can be solved at the council table.

"It is therefore no answer to the plea for peaceful discussion for one side to plead that unless they receive assurances beforehand that the verdict will be theirs, they will not lay aside their arms. In conference rooms, as in courts, it is necessary that both sides enter upon the discussion in good faith, assuming that substantial justice will accrue to both; and it is customary and necessary that they leave their arms outside the room where they confer."

I would like to have used the American expression but they would not have understood it—"Park your guns outside." However, this is a diplomatic way of saying the same thing.

"I am convinced that the cause of world peace would be greatly advanced if the nations of the world were to obtain a frank statement relating to the present and future policy of Governments.

"Because the United States, as one of the Nations of the Western Hemisphere, is not involved in the immediate controversies which have arisen in Europe, I trust that you may be willing to make such a statement of policy to me as the head of a nation far removed from Europe in order that I, acting only with the responsibility and obligation of a friendly intermediary, may communicate such declaration to other nations now apprehensive as to the course which the policy of your Government may take."

I want to make one thing perfectly clear. You know English as well as I do. I said here, "acting only with the responsibility and obligation of a friendly intermediary." I mean "intermediary" and not "mediator." Now, they are entirely different words. You see the point? Of course there will be a danger—this is of course off the record—that some of our friends on the Hill and some newspaper owners will try to make it appear that I will mediate. There is nothing in it at

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all. I am the post office, the telegraph office — in other words, the method of communication. That is what I mean by “intermediary.”

“Are you willing to give assurance —”

Here is the question:

“Are you willing to give assurance that your armed forces will not attack or invade the territory or possessions of the following independent nations”:

Now we come right down to brass tacks and name them.

“Finland, Estonia, Latvia, Lithuania, Sweden, Norway, Denmark, The Netherlands, Belgium, Great Britain and Ireland, France, Portugal, Spain, Switzerland, Liechtenstein, Luxemburg, Poland, Hungary, Rumania, Yugoslavia, Russia, Bulgaria, Greece, Turkey, Iraq, the Arabias, Syria, Palestine, Egypt and Iran.”

Now you have got them all. No dodging; there are the whole works.

“Such an assurance clearly must apply not only to the present day but also to a future sufficiently long to give every opportunity to work by peaceful methods for a more permanent peace. I therefore suggest that you construe the word ‘future’ to apply to a minimum period of assured non-aggression — ten years at the least — a quarter of a century, if we dare look that far ahead.

“If such assurance is given by your Government, I shall immediately transmit it to the Governments of the nations I have named”

Then there is that whole list on the other side.

“and I shall simultaneously inquire whether, as I am reasonably sure, each of the nations enumerated above will in turn give like assurance for transmission to you.

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"Reciprocal assurances such as I have outlined will bring to the world an immediate measure of relief.

"I propose that if it is given, two essential problems shall promptly be discussed in the resulting peaceful surroundings, and in those discussions the Government of the United States will gladly take part."

Now, be careful! Be careful! I said "two essential problems" in which we would take part in the discussion.

"The discussions which I have in mind relate to the most effective and immediate manner through which the peoples of the world can obtain progressive relief from the crushing burden of armament which is each day bringing them more closely to the brink of economic disaster."

There is, of course, nothing new in our taking part in that because we have been doing it for a long, long time.

The other is the next sentence:

"Simultaneously the Government of the United States would be prepared to take part in discussions looking toward the most practical manner of opening up avenues of international trade to the end that every Nation of the earth may be enabled to buy and sell on equal terms in the world market as well as to possess assurance of obtaining the materials and products of peaceful economic life."

Of course there is nothing new in that because, as you know, we have at all times been ready to confer and have done a great deal of conferring on the economic side of international problems. So in that there is nothing, absolutely nothing, new that we have not been doing right along. Now you come to the third thing:

"At the same time—"

This is after those reciprocal assurances have been given.

"At the same time, those Governments other than the

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United States which are directly interested could undertake such political discussions as they may consider necessary or desirable."

Well, of course all of you who cover the State Department know what that means. "Political discussions" relates to boundaries and territories and so forth and so on. We do not, of course, enter into that type of discussion. We have not done it since Paris and there is no prospect of our doing it.

Then, finally, just a few short sentences:

"We recognize complex world problems which affect all humanity but we know that study and discussion of them must be held in an atmosphere of peace."

Same old thing—"Park your guns outside."

"Such an atmosphere of peace cannot exist if negotiations are overshadowed by the threat of force or by the fear of war.

"I think you will not misunderstand the spirit of frankness in which I send you this message. Heads of great Governments in this hour are literally responsible for the fate of humanity in the coming years. They cannot fail to hear the prayers of their peoples to be protected from the foreseeable chaos of war. History will hold them accountable for the lives and the happiness of all—even unto the least.

"I hope that your answer will make it possible for humanity to lose fear and regain security for many years to come.

"A similar message is being addressed to the Chief of the Italian Government.

"FRANKLIN D. ROOSEVELT"

Well, I think that covers it.

Q. When was this message sent?

THE PRESIDENT: 9.00 o'clock last night.

Q. They got it today?

THE PRESIDENT: It was three o'clock in the morning in Berlin and Rome, that it was received over there.

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*Q.* May I ask whether the Pan American Union or, through other channels, the Latin American Governments were advised that this action was being taken?

THE PRESIDENT: Nobody was advised. They were informed by cable during the night through our ministers and ambassadors down there and undoubtedly they are receiving this just about this moment. And in the same way, our embassies and legations in Europe were advised of it by cable last night.

*Q.* There has been no consultation on this matter among the Latin American —

THE PRESIDENT: [interposing] Absolutely not. Great Britain, France or any other nation in the world was not consulted in any way and did not know anything about it.

You "got a mouthful"; better run.

(See Item 57, this volume, for text of the appeals to Hitler and Mussolini.)

60 ¶ "Public Protection Against Law Breakers Demands Efficient Police Work, Able and Fearless Prosecutions, Prompt, Fair Trials, and the Intelligent and Constructive Treatment of the Guilty . . . ." Address at the National Parole Conference, White House, Washington, D. C. April 17, 1939

*Mr. Attorney General, ladies and gentlemen:*

I AM HAPPY to welcome you to the National Parole Conference and to have an opportunity to talk with you and our radio neighbors throughout the country about parole and also about some of the broad questions of law enforcement as a national problem.

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As many of you know, the control of crime is a problem which I began studying many years ago as a member of the executive committee of the National Crime Commission, Later, during my administration as Governor of New York, the improvement of the State penal and correctional system became one of my most important responsibilities. Many of you, and especially my old friend, Sam Lewisohn, were of invaluable assistance in that task, which included the establishment of a modern parole system.

All of us have come to realize that while the responsibility for the control of crime falls primarily on the States and their subdivisions, the activities of criminals are not limited by local and State boundaries. The consequences of lax law enforcement and crime-breeding conditions in one part of the country may be felt in cities and villages and farms all across the continent. For instance, I think of the operations of a criminal gang that had its origins in the slum section of a small southwestern city. Before the members of that gang were rounded up, successfully prosecuted, and put in prison by the Federal Government, they had left a trail of robbery and violence in seven midwestern States. That illustrates the essentially nationwide character of the crime problem.

Crime cannot be held in check by a good police system alone. Occasional brilliant prosecutions may arouse our admiration, but they do not solve the crime problem. Long prison sentences for notorious criminals have not rid us of thousands who escape undetected or unpunished because our defenses break down at one point or another.

Public protection against law-breakers demands efficient police work, able and fearless prosecutions, prompt, fair trials, and the intelligent and constructive treatment of the guilty—not just here and there, not only when well-known characters are involved, but in all cases in all jurisdictions throughout the land.

With this in mind, this Administration initiated early in 1933

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a definite program of crime control which had three major objectives.

First of all, we sought to broaden and strengthen Federal law enforcement. Secondly, we took steps to promote more effective cooperation among the States themselves, and between the States and the Federal Government. And finally, through a broad program of social welfare, we struck at the very roots of crime itself.

As a first step Attorney General Cummings outlined a twelve-point legislative program which resulted in the enactment of twenty-one new Federal crime statutes. Two of those laws gave to the Federal Government—we all know about them—drastic powers in kidnaping cases, with the result that the back of the kidnaping racket has been broken. Every home in the country has shared in the sense of relief that has come from the vigorous enforcement of the anti-kidnaping laws.

Other new laws empowered the national Government to bring its resources into action against robbers of banks. There have been 245 convictions since this National Bank Robbery Law was enacted.

Here are some figures, just by way of illustration, on the daylight hold-ups of banks, compiled by the American Bankers' Association. In 1933, there were 516 daylight hold-ups. In 1934, the year the new Law became effective, the number fell to 364. In 1935 it was down to 258; in 1936, it was down still further to 148; and in 1937 it dropped to 120. Last year, 1938, there were only 110 bank hold-ups—only about one-fifth as many as there were in 1933, five years before. A good record!

Another law made it a Federal crime to transport stolen goods, in excess of \$5,000 in value, across state lines. Still another made it unlawful for any person to flee from one State to another to avoid prosecution or appearance as a material witness in a criminal case.

These and the other new Federal anti-trust (*laughter*) anti-crime laws—I wonder what the connection is. (*Laughter*) I can assure you it was a pure slip of the tongue; there were no mental

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reservations. These and the other new Federal anti-crime laws do not supplant State laws but they plug the gaps between the authority of one State and that of its neighbors. They permit the forces of law and order to occupy what was formerly a no-man's land in which roamed some of the most desperate criminals of modern times.

But, of course, laws do not enforce themselves. And so we set about systematically to enlarge and improve the equipment and personnel of the Federal agencies of detection and prosecution. The agents of the Federal Bureau of Investigation of the Justice Department—what they call the G-men—have justly become world famous. Likewise, the agents of the several investigating units in the Treasury Department, the Postal Inspectors, and their co-workers in other branches of the Government have made enviable records in the apprehension of offenders against Federal laws. The efforts of these investigators have been ably supported by a fine corps of United States Attorneys and special prosecutors. Many of these United States Attorneys are here today, and I am glad to welcome them as they assemble to canvass with Attorney General Murphy the ways in which their campaign against crime can be waged even more effectively.

A new spirit and a new energy have been breathed into our Federal court system also. Thirty-eight new district judgeships have been authorized, to accelerate the splendid progress made in bringing the business of the courts more nearly up-to-date. Archaic forms of civil procedure have been cast aside for a uniform and simple set of rules which will help to speed the wheels of justice. A way of avoiding long delays in determining the constitutionality of Federal laws has been opened up by permitting appeal directly from the lower courts to the Supreme Court.

With the authorization of Congress we have also instituted an important change of method in the handling of juvenile offenders against Federal laws. The courts and the Attorney General are now given wide latitude in determining how best to

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protect the safety of society by trying to prevent a young delinquent from becoming an habitual criminal. Charges against an offender under the age of eighteen may now be heard informally, and if probation is not desirable, the Attorney General is authorized to place him in any suitable public or private educational or correctional institution.

Another important part of our program has been the improvement of the Federal penal and correctional system itself in all of its branches. We have built different kinds of institutions for different kinds of prisoners, ranging from the now famous penitentiary for the most hardened offenders, on Alcatraz Island, to unvalled reformatories and camps for the offenders who are less dangerous, and who seem to offer real hope of becoming law-abiding citizens.

In the administration of our Federal penal institutions we use every known aid to rehabilitation according to the needs of the prisoner. After all, the primary purpose of the prison is to protect the public by releasing men at the end of their sentences, better and not worse than when they were received. For that reason, we have enlarged and improved the opportunities for education and vocational training in the Federal prison system. Moreover, we have provided useful work for those who need to learn how to earn an honest living—and we have done it without selling a dollar's worth of goods on the open market in competition with private industry or free labor. We can, I think, look for still further improvement—yes, great improvement, as we learn more—in the administration of the Federal prisons as the years go by, because we have put the personnel of the prison service on a merit basis with training courses for employees of all grades.

Each year for several years we have increased the number of Federal probation and parole officers, and last year we raised the standards governing their appointment. Today the field staff of the Bureau of Prisons is supervising nearly thirty thousand men and women on probation or on parole. No finer tribute could be paid to the work of these officials and to the United

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States Board of Parole than to mention the fact that about ninety-five per cent of those under their control complete their sentences without further violations of the law.

But our efforts to suppress wrongdoing have not been confined to the field of violent crimes. Through the securities and exchange legislation we have sought to protect the average investor from the depredations of unprincipled financial manipulators. In the administration of this legislation we have struck hard at those gangsters in high places who differ from the ordinary robbers only in the fact that they use the tricky weapons of high finance instead of sawed-off shotguns.

And let us not wholly forget the repeal of the Eighteenth Amendment. You know, and I know, what a toll that took from this country through the flouting of law by thousands of otherwise respectable people as well as through the activities of bootleggers and racketeers who flourished during the prohibition years. It was undoubtedly the greatest source of revenue for organized crime that this nation has ever known.

While we have been tightening up on Federal law enforcement we have also been making headway toward the second of our broad objectives—the development of closer cooperation between the agencies of the several States and those of the Federal Government. The Federal Bureau of Investigation in the Department of Justice has organized the National Police Academy where carefully chosen local peace officers are given training in modern police work. Expert and technical services have been made available to state prison and parole authorities by the Bureau of Prisons. The Works Progress Administration, in addition to cooperating with the Justice Department in making the first nation-wide survey of the methods by which prisoners are released into society, has furnished much-needed personnel for educational and other programs in the institutions of thirty-two States of the Union. It has installed police signal systems and fingerprint files in cities which could not otherwise afford them. It has furnished the labor for the construction or repair of jails and police stations throughout the country. And through an-

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other agency, the Public Works Administration, over twenty-six million dollars have been made available for the construction, improvement, and repair of prisons and jails, with the result that many old, unhealthy, and overcrowded centers of crime infection have been replaced by modern facilities. Of this amount, over eleven million dollars have been for State and local projects.

All of these direct attacks on crime which we have made through extending and strengthening Federal activities and in helping to improve State and local agencies of law enforcement are very, very important. But I like to think that the most far-reaching results have come from our broad program of social welfare—from our work relief projects, the Civilian Conservation Corps, the National Youth Administration, and the related measures for providing useful work for those of our citizens who are unemployed by private industry. Our citizens who have been out of work in the last six years have not needed to steal in order to keep from starving. Of course, when we instituted those activities, we did not have in mind merely the narrow purpose of preventing crime. However, nobody who knows how demoralizing the effects of enforced idleness may be, will be inclined to doubt that crime prevention has been an important by-product of our effort to provide our needy unemployed citizens with the opportunity to earn by honest work at least the bare necessities of life. And a considerable part of that honest work has been devoted to the construction and supervision of such social assets as playgrounds, athletic fields, municipal swimming pools, gymnasiums, workshops, traveling libraries, schools and other educational and recreational facilities which are of particular benefit to youth and which have an effect on crime.

Throughout the depression approximately one-third of all our unemployed have been youth, young people, under the age of twenty-five. Not long ago I read a report from a small city which had a reputation for juvenile delinquency. In collaboration with local agencies, the National Youth Administration started a work project which provided part-time jobs for the idle youth

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of this community. When the project was first started there was considerable "soldiering" on the job but gradually the interest and the pride of those boys in the job itself were aroused. For the five months since this N. Y. A. project had been started, there had not been a single complaint of delinquency to the local police officers. That is a concrete contribution to our common security—not only now but for years to come.

As I review our achievements in this coordinated drive against crime, it seems to me that we have made the least progress in the very important matter of getting people from prison back into society. That conclusion, I am told, is confirmed by the findings of the Attorney General's Survey of Release Procedures now being published by the Department of Justice. This is an unfortunate state of affairs. Let us not forget for one moment that ninety-seven out of every hundred of the men and women we send to prison must some day come out again. Between 60,000 and 70,000 persons are released from Federal and State prisons and reformatories back into the communities of the country every single year. What they do when they come out is a matter of great importance to all of them, to every citizen and every man, woman and child, to every father and mother. It is a nation-wide problem and at the same time it is a local problem. We make little permanent gain by the arrest, the prosecution, and the punishment of prisoners if they go back to criminal activities when they come out. More than one-half of the persons in prison today have had to be locked up at least once before for a violation of the law. Yes, we might as well admit it. Taking it by and large, we have bungled in the manner and the method of their release.

After the necessarily strict routine of prison life, it is difficult for a discharged prisoner to stand on his own feet in the swift-running currents of a free man's world. Often, if he has been in prison very long, he will have lost the habit of making his own decisions. He usually faces tremendous difficulties in finding a job. In many cases his prison record cuts him off from the friendship of law-abiding people. These circumstances tend

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to push a man back to a life of crime, unless we make it our business to help him overcome them. And when I say "we," I do not mean just those of us in the Government or those of us who have a great social interest in the problem. I mean all of the average citizens in every community in the whole of the United States. That is the reason why I have long been of the opinion that parole is the most promising method of terminating a prison sentence, but that it must have the interest of the citizens of the country if we are to carry through on that improvement.

Parole is the conditional release of an offender under expert supervision while the State still has control over him. It is an integral part of the treatment begun the moment the man enters a correctional institution.

Parole must not be confused with other things. Parole is not pardon. When a man is pardoned, his crime is forgiven.

Parole is not a shortening of the sentence because of good behavior in prison. This is called "good time allowance" or commutation for good behavior, and it is given by law as an aid to prison discipline.

Parole is not probation. A person on probation has never been sent to prison for his offense.

And, of course, parole differs from outright discharge on the final day of the offender's sentence. When a man is paroled, he is still subject to the control of the authorities, and he can be put back into prison without a formal trial if he does not live up to the conditions of his release.

The true purpose of parole is to protect society—all of us—by supervising and assisting released prisoners until they have a chance to get on their feet and show that they intend to live law-abiding, self-supporting lives.

Now, naturally, I am speaking of real, honest, well-administered parole: parole granted only after a prisoner has shown improvement during a period of constructive treatment and training in prison, and only after a thorough and searching study of his case; parole under the supervision of qualified parole officers.

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Much of the criticism we have heard directed at parole is due to the fact that while forty-six States of our Union have parole laws, less than a dozen have provided the money and the personnel which are necessary to operate a real parole system. Some of the criticism is due, too, to the fact that the parole power sometimes—yes, I should say often—has been used to grant political or personal favors. This combination of neglect and abuse in the administration of the parole power is a matter of serious national concern. How well or how poorly a parole system operates in one section of the country may affect the lives of citizens in every other part of the country.

On the other hand, we know from experience that parole, when it is honestly and expertly managed, provides better protection for society than does any other method of release from prison. That has been shown by the operation of the Federal parole system and in those States which have applied modern parole methods.

These are the reasons why I asked the Attorney General to call this National Parole Conference. As I wrote to him on January 25th of this year, I hope that this conference will serve to acquaint our people with the facts concerning parole and clear up widespread misconceptions about it. Parole will never succeed if it is merely a Governmental function and does not have the understanding and help of the individual citizens in every community.

It is especially important that people in the United States, the whole of our citizenship, should not be deceived by violent attacks on properly run parole administrations if, as has happened, one parolee goes wrong and commits another crime. The fact is that while a properly run parole system cannot give the guarantee of perfection, the percentages of parolees who go straight for the rest of their lives are infinitely higher than where there is no parole system at all.

I hope that you will let us know the ways in which the Federal Government can best cooperate with the Governments of the several States in strengthening this important sector of our

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nation-wide attack on crime. I felt that these objectives could not be reached unless this conference included representatives of all branches of law enforcement, public welfare administration, and the general public as well. A technical job necessarily, it is one which must be geared into the work of other branches of law enforcement.

That is why Attorney General Murphy has invited governors, judges, legislators, state attorneys general, prosecutors, police and prison officials, public welfare administrators, social workers and educators, and representative citizens as well as those directly engaged in parole work, to take part in this conference.

Democracy succeeds through the thoughtful public service of its citizens. A conference of this kind seems to me to be in accord with the American democratic way.

Well-administered parole is an instrument of tested value in the control of crime. Its proper use in all jurisdictions will promote our national security. If your deliberations serve that end, as I am sure they will, you will have rendered a very important public service, for which you will deserve and get the thanks of the American people.

## 61 ¶ The President Withdraws His Nomination of Thomas R. Amlie for the Interstate Commerce Commission. April 17, 1939

*My dear Mr. Amlie:*

I HAVE your letter requesting me to withdraw your nomination as a member of the Interstate Commerce Commission. I am doing so shortly.

I deeply regret that a certain type of opposition should deprive the Interstate Commerce Commission of one as able and as wholeheartedly devoted to the public service as you are.

You and I have often differed on important issues, but I can assure you nothing has occurred to alter my belief in your quali-

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fications to serve as a minority member of the Interstate Commerce Commission.

Those who for political reasons have called you a Communist do not perhaps realize that such name-calling ill serves the democratic form of Government which this Nation as a whole wishes to continue.

A quarter of a century ago I, too, was called a Communist and a wild-eyed radical because I fought for factory inspection, for a fifty-four-hour-a-week bill for women and children in industry and similar measures. You are still young and I hope that you will continue to work for the improvement of social and economic legislation under our framework of Government.

Very sincerely yours,

Thomas R. Amlie, Esq.,  
Washington, D. C.

## 62 ¶ A Letter Giving the Administration's Position on Pending Sugar Legislation.

April 18, 1939

*Dear Mr. Congressman:*

THE THREE departments of the Government primarily concerned with the problems involved in the pending amendments to the Sugar Act have advised me of your courteous reference to them of S. 69 for expression of their views thereon. Since the proposed amendments raise grave governmental problems which transcend the specialized interests and functions of the individual departments concerned, I have been requested by them to set forth the basic position of the Administration on the proposed amendments.

Prior to 1934, the sugar industry was suffering from unsatisfactory returns and our exports to Cuba had declined to a disastrously low level. The legislation pertaining to sugar enacted

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by Congress in 1934, and revised and extended in 1937, and the reciprocal trade agreement negotiated with Cuba in 1934, resulted not only in a substantial increase in the income of domestic sugar beet and sugarcane growers and processors, but also in a gratifying increase in our export trade with Cuba. Between 1933 and 1937 our exports to Cuba of rice, wheat flour, lard, and other agricultural products were trebled and exports of manufactured articles were increased fourfold.

I am advised, however, that only a year and a half after exhaustive consideration by the Congress and the administration of the 1937 legislation, the sugar lobbyists, who, in order to justify their employment must be professionally dissatisfied under any conditions, are pressing for drastic amendments to the act which would disrupt the balance established in the existing legislation as between the opposing interests of the various groups concerned: they would further burden consumers for the additional benefit of producers, seriously impair one of the principal markets for our export crops, and establish discriminations among various parts of the United States. Moreover, the proposed amendments would undermine the basis upon which the trade agreement with Cuba was negotiated, and violate our treaty obligations under the International Sugar Agreement, approved by the Senate on December 20, 1937.

The first paragraph of the bill contains special exemptions from the acreage adjustments now required as a condition for payments under the act, that would operate primarily for the benefit of the large plantation companies in the mainland sugarcane area. Such exemptions would not only constitute a serious discrimination against the domestic insular areas, particularly the island of Puerto Rico, in which area a substantial adjustment of production this year is well under way, in compliance with the provisions of the act, but are also extremely unfair and unjust to the producers in all areas whose great sacrifices in prior years under former sugar programs are directly responsible for the favorable position enjoyed by sugar producers in the mainland cane area in recent years. It is unthinkable that

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plantation producers in the mainland sugarcane area should be relieved of any responsibility for their appropriate share of crop adjustment as a condition for payments.

The second amendment in S. 69 would unfortunately delete the present provision in the Sugar Act designed to protect the housewives of the Nation against sugar prices in excess of those necessary to maintain the domestic industry. In recent years the total burden of sugar legislation on consumers, if measured by the full difference between the unprotected price of sugar in world markets and the protected price in the United States, has been equivalent to the purchasing power of approximately 50 quarts of milk and 50 loaves of bread per annum for each family in the United States.

The third amendment of S. 69 discriminates against two sections of the United States, Puerto Rico and Hawaii, by reducing their present shares of the total domestic quota and by denying these areas their proportionate shares of the large increase provided for in the bill for all domestic areas. The bill would thus create a colonialism of the old-world type in the form of an underprivileged American citizen living in these particular insular parts of the United States. The imperialistic nature of such discriminations against some of our own citizens becomes clear when it is realized that although the Congress could legally destroy the economy of its insular possessions through such discriminatory trade restrictions, the American citizens in those areas would possess no legal right to defend themselves against such action by erecting trade barriers against products produced in the mainland.

The third amendment also proposes a severe reduction in the Cuban quota which would further curtail our shrunken markets for American agricultural exports at a time when Congress and the administration are struggling with measures to expand such markets.

Furthermore, our principal benefit to Cuba in our reciprocal trade agreement of August 24, 1934, in return for over 400 duty concessions to American goods, was a duty reduction on Cuban

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sugar negotiated against the background of the quotas provided in the Jones–Costigan Act, upon the assumption on the part of the contracting parties that the quota basis would not be changed to Cuba's detriment. The reduction which this bill proposes to make in the Cuban quota is so inconsistent with the purposes of the trade agreement and the basis on which it was entered into that it seems at variance with our fundamental principles of fair play and fair dealing which we have been urging as essential to world economic recovery and world peace.

Under article 9 (a) of the International Sugar Agreement, we agreed to accept from the full-duty countries every year a quantity of sugar directly proportionate to the small share allotted on a historic basis to these countries under the Jones–Costigan Act in 1937. Under the proposed bill this proportion would be decreased. In addition to losing part of their basic quotas the full-duty countries would lose under S. 69 the important reallocation of the Philippine dutiable sugar deficiency now provided for. The purpose of this provision in the Sugar Act of 1937 is to enlarge the foreign market for American exports.

Thus, the enactment of the bill S. 69 would be a serious threat to the future of the policy of improved relationships among the American republics, which has become so important and favorable a factor in our international relations in the past few years. We have been bending every effort to develop a vital program of inter-American cooperation. This program is becoming increasingly advantageous. It is earnestly believed that the Congress will not wish to impede its progress.

Very sincerely yours,

Hon. Marvin Jones,  
House of Representatives,  
Washington, D. C.

(For discussion of the Jones–Costigan Act regulating sugar production, see Items 21 and 76, and notes, 1934 volume; for further discussion of the discriminatory quotas against insular possessions, see Items 28, 95 and 104, 1937 volume, and Item 28, 1940 volume.)

63 ¶ Some Political Advice to the Young Democratic Clubs of America. April 19, 1939

*My young friends:*

IT is to my great regret that I cannot be with you in this celebration in memory of the first President who demonstrated to the world that democracy was workable. On you now depends the future of the Democratic party. More important even than that, on you depends the future of our country.

Party organization is the vehicle by which the mobilized sentiment of the United States gets anywhere. If the chauffeurs of the organization are wise in picking the course, the going is good and the destination aimed at is reached. If, on the other hand, they are witless, the organization will find itself on a rocky road and the probabilities of flat tires and other breakdowns are so great that the will of the people gets nowhere.

This means distress to the party, of course, and likewise distress to the nation. For in the present political and economic situation the alternative in the event of a failure for our party to keep straight ahead, is for the country to find itself travelling in the direction exactly opposite to that it has in mind.

Incidentally, the progress of our political car is not helped by the clamor of the back-seat drivers who point out the apparent smoothness of the detours of compromise and subterfuge, and complain of the speed of our going.

The Democratic party of itself cannot elect a President. The Republican party is in the same fix. This is fortunate for all of us, for it means that no party can continue in power unless its policies are such as to add to its basic strength the ten or more millions of votes that are cast for ideas and ideals, rather than because of the emblem at the top of the ticket.

In the campaign we are now approaching there is just one agency potent enough to defeat the Democratic party, and that is the Democratic party itself. It can commit suicide by abandonment of the policies that brought it to power. There is no use fooling ourselves. If we are to have a reactionary regime — or if

### 63. *Advice to Young Democratic Clubs*

that term is too horrific—call it a conservative regime, you may depend on it that it will be the other fellow's regime.

We shall forfeit the multitude of Republican liberals who voted with us in '32 and '36 if we shift our ground. Even those men and women with little or no affiliation with either party and who went with us because we voiced their principles, will quit us in disgust if we throw them down now.

We can also destroy our chances by fratricide. No victories are won by shooting at each other. There never was, and never will be, a political party whose policies absolutely fit the views of all its members. Where men are at variance with the course their party is taking, it seems to me there are only two honorable courses—to join a party that more accurately mirrors their ideas, or to subordinate their prejudices and remain loyal.

I do not mean by this, of course, that they are not quite within their rights when they seek to change the program. It would be a poor sort of politician or statesman who did not fight for his sincere principles, but that is a different thing from allying oneself with his party's enemies and getting in a stab wherever and whenever he can do so safely.

I have pointed out the ways in which our party can destroy itself; now may I suggest how victory, which is quite within our reach, can be won next year?

Instead of suicide or fratricide, what is the matter with our own side? Whenever the party was Democratic it won. Whenever it offered the country an ersatz Republicanism, the people spurned the imitation and sent our party to stand in a corner until it had learned its lesson. Unfortunately, it sometimes takes from ten to twenty years to accomplish the requisite reeducation.

Suppose, for a change—and you know I am frequently accused of being devoted to change—we learn our lesson this time without being sent to the corner to meditate?

This country of ours is democratic with a small "d." It is never, and never will be Democratic with a big "D," except when the two words mean the same thing.

With the highest hopes and expectations that the Young Democrats will continue with their youthful enthusiasm, and

64. *Reserve Officers and CCC*

yet retain their old faith as enunciated by Thomas Jefferson and Andrew Jackson,

Very sincerely yours,

Young Democratic Clubs of America,  
Shoreham Hotel,  
Washington, D. C.

64 ¶ A Recommendation with Respect to Reserve Officers on Duty with the Civilian Conservation Corps. April 20, 1939

*To the Congress:*

AFTER consideration of the administrative difficulties and fiscal effects flowing from the enactment of the last proviso of Section 5, Public No. 18, approved April 3, 1939, I am constrained to recommend to the Congress that early consideration be given to amending the law so as to remove all Reserve officers on duty with the Civilian Conservation Corps from the purview of the benefits provided in that section of the law for members of the civilian components of the Army brought into active military service for more than thirty days.

In making this recommendation, I am influenced by the belief that the Congress in enacting the law had in mind its application to individuals serving on extended active duty with the Army under conditions where they are exposed to military hazards of the same nature and to the same degree as individuals of the Regular Army. While it is held that duty with the Civilian Conservation Corps is military service, nevertheless, application of the law to the Reserve officers on such duty is considered neither desirable nor necessary; as a matter of fact, as we all know, duty with the Civilian Conservation Corps is in no way comparable with active military duty—in fact, it is almost wholly civilian duty. Legislative action in accordance with my recommendation is considered preferable to the alternative of

#### 64. *Reserve Officers and CCC*

replacement of Reserve officers by civilians, and I therefore recommend the matter to the favorable consideration of the Congress.

**NOTE:** An Act of the Congress of April 3, 1939 (Pub. No. 18, 76th Congress), gave full disability benefits to the reserve officers who were on active duty with the Civilian Conservation Corps. These benefits were the same as those then enjoyed by regular army officers, or by reserve officers called to regular army duty.

The work of reserve officers with the Civilian Conservation Corps was obviously less dangerous and difficult than regular army duty. I was, therefore, definitely of the opinion that similar disability benefits should not be extended to them. This was clearly advisable, not only because of the possible cost to the government, but because of the fact that the physical standards for such reserve officers would have to be raised so high, in order to avoid unnecessary claims, that it would result in dismissing many such officers who could not physically qualify for active military service, although they were able satisfactorily to perform their CCC duties.

Pursuant to my foregoing message, the Congress did adopt legislation excluding such officers while on duty with the CCC.

As a matter of fact, I had already come to the conclusion that the employment of reserve officers by the CCC in a military status should be discontinued. This was begun

on July 1, 1939, and by the end of the year all such officers on duty with the Corps were employed in a civil rather than a military status, coming under the Employees Compensation Act as to disabilities.

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The Civilian Conservation Corps has at the time of this writing, May, 1941, gone through eight years of activities. A statement of its accomplishments during the first term of my Administration can be found in the note to Item 50 of the 1936 volume.

At the end of its present eighth year, it has supplied direct work to almost 2,920,000 people. It has enabled members of the Corps to contribute by allotment from their pay toward the support of their dependents \$634,000,000. It has itself promoted the purchasing power of the nation by buying more than \$1,400,000,000 worth of various supplies and materials, such as food-stuffs, wearing apparel, machinery, etc. It has taken from idleness more than 2,500,000 young men when idleness would have affected their entire later lives.

The benefits of this program have been felt in every state in the Union. More than 17,000,000 acres of new forest land have been added with the use of CCC funds, and more than 199,000 acres have been similarly added to the national parks.

#### *64. Reserve Officers and CCC*

The range of the work of the CCC in the national and state forests, the national and state parks, on public range lands, on reclamation projects, on game refuges, on flood control, and on drainage projects, have all been detailed in the aforesaid note to Item 50 of the 1936 volume.

No one will ever be able to estimate in dollars and cents the value to the men themselves and to the nation as a whole in morale, in occupational training, in health, and in adaptability to later competitive life.

By Public No. 163, 75th Congress, approved June 28, 1937, the CCC was extended until July 1, 1940. By the same statute the general status of the organization was changed. Previous to that time it was essentially a direct relief agency, and enrollees for the camps were chosen primarily from families on relief. Under the new statute the requirement was changed to that of being "unemployed and in need of employment." In this way, although young men from families on relief continued to receive preference in order of selection, relief status was no longer a necessary requisite.

Legislation of August 7, 1939, provided for the continuation of the Corps until June 30, 1943. On July 1, 1939, as a part of the reorganization program, CCC was discontinued as an independent government agency and became a part of the Federal Security Agency.

Changing economic conditions,

since the date of its organization in 1933, have brought comparable changes in the development of the CCC program. Emphasis has been shifted from relief to training; and during the last year the national defense activities of the nation have produced a vocational training program, emphasizing the type of work which contributes most to adequate defense.

Training activities have been expanded to 176 special CCC training schools, such as motor repair shops, schools for cooks and bakers, for clerical training, for training radio operators, truck drivers, aviation mechanics, and enrollees in photography, map making and map reading.

Recently, CCC companies have been actually assigned to specific national defense projects. For example, two companies were sent to Alaska in September, 1940, to construct a military landing stage; and by May 1, 1941, thirty CCC companies had been assigned to military reservations to assist in national defense construction and expansion work, spreading from Alaska to Florida.

For a further account of the various activities of the CCC, see Items 21, 31, 90, 113, 1933 volume; Item 165, 1934 volume; Item 45, 1936 volume; Item 36, 1937 volume; Item 38, 1939 volume; and Item 155, this volume.

The following table provides an itemized statement of the physical accomplishments of the CCC during its eight years on the job.

## 64. Reserve Officers and CCC

### FEDERAL SECURITY AGENCY—CIVILIAN CONSERVATION CORPS— WORK COMPLETED—ALL SERVICES

TOTAL WORK COMPLETED DURING THE PERIOD APRIL, 1933–APRIL, 1941\*

Type of Job or Project Classification		Unit	New Work	Maintenance
<b>Structural Improvements</b>				
Bridges	Foot and horse.....	Number	7,238.1	793.0
	Vehicle.....	Number	37,904.3	14,995.0
Buildings, other than CCC Camp	Barns.....	Number	1,087.0	580.0
	Bathhouses.....	Number	344.0	100.0
	Cabins, overnight.....	Number	1,853.0	210.0
	Combination buildings..	Number	435.0	215.0
	Dwellings.....	Number	3,947.0	5,998.0
	Equipt. & sup. stor. houses	Number	2,929.0	1,702.0
	Garages.....	Number	2,320.0	813.0
	Latrines and toilets.....	Number	10,908.0	4,027.0
	Lodges and museums....	Number	175.0	102.0
	Lookout houses.....	Number	1,153.0	857.5
	Lookout towers.....	Number	2,979.5	1,765.0
	Shelters.....	Number	3,168.0	455.0
	Other buildings.....	Number	24,902.0	15,171.5
Cribbing, including filling.....		Cu.yd.	479,856.0	23,939.0
Impounding and large diversion dams...		Number	6,837.0	2,928.0
Fences.....		Rods	24,969,767.3	6,865,244.5
Guard rails.....		Rods	244,247.3	7,409.0
Levees, dykes, jetties, and groins.....		Cu.yd.	17,687,413.2	2,941,924.0
Power lines.....		Miles	767.6	1,039.8
Incinerators.....		Number	632.0	81.0
Sewage and waste-disposal systems.....		Number	4,376.0	936.0
Telephone lines.....		Miles	84,737.8	243,461.2
Water supply systems	Fountains, drinking.....	Number	1,662.0	57.0
	Open ditches.....	Lin.ft.	12,740,138.0	418,020.0
	Pipe or tile lines.....	Lin.ft.	8,843,125.0	819,102.0
	Storage facilities (in thous.) ..	Gallons	300,258.0	7,907.0
	Wells, incl. pumps & p'houses	Number	7,612.9	5,051.0
Other struc- tural improve- ments	Miscellaneous.....	Number	42,238.0	8,623.0
	Camp stoves or fireplaces...	Number	29,597.0	4,615.0
	Cattle guards.....	Number	4,710.0	368.0
	Corrals.....	Number	1,285.0	208.0
	Seats.....	Number	21,147.0	377.0
	Signs, markers & monuments	Number	352,227.0	20,331.0
	Stone walls.....	Rods	36,891.0	7,444.0
	Table & bench combinations	Number	54,315.0	11,285.0
	Tool boxes.....	Number	14,859.0	125,692.0
	Miscellaneous.....	Number	335,661.0	17,302.0
Radio stations.....		Number	101.0	244.0
Springs.....		Number	11,222.0	2,065.0
Waterholes.....		Number	3,312.4	3,114.0
Small reservoirs.....		Number	8,983.0	1,250.0
Landing docks and piers.....		Number	493.0	16.0

# 64. Reserve Officers and CCC

## FEDERAL SECURITY AGENCY—CIVILIAN CONSERVATION CORPS — WORK COMPLETED—ALL SERVICES (Continued)

TOTAL WORK COMPLETED BY THE CCC DURING PERIOD—APRIL, 1933—APRIL, 1941 \*

Type of Job or Project Classification	Unit	New Work	Maintenance		
Transportation Improvements					
Airplane landing fields.....	Number	68.0	65.0		
Truck trails or minor roads.....	Miles	118,492.2	509,137.7		
Trails {	Miles	12,678.1	38,058.8		
Foot.....	Miles	14,457.2	66,320.8		
Horse or stock.....	Miles				
Erosion Control					
Stream and lake bank protection.....	Sq.yd.	153,819,138.0	12,453,510.0		
Treatment of gullies {	Bank sloping.....	Sq.yd.	376,692,262.8	4,868,859.0	
	Check dams, permanent... ..	Number	309,530.8	27,797.0	
	Check dams, temporary....	Number	5,548,771.3	148,145.0	
	Seeding and sodding.....	Sq.yd.	457,649,725.0	18,368,979.0	
	Tree planting, gully.....	Sq.yd.	424,245,417.0	123,002,567.0	
Ditches, diversion.....	Lin.ft.	63,812,967.7	7,074,328.0		
	Miles	28,906.3	4,320.0		
Terracing.....	Miles	28,906.3	4,320.0		
Terrace outletting {	Channel construction.....	Lin.ft.	41,508,641.0	2,195,320.0	
	Outlet structures.....	Number	396,295.0	26,661.0	
	Planting, seed., or sodding .	Sq.yd.	121,992,273.0	24,905,865.0	
Sheet erosion planting.....	Acres	584,979.6	34,596.8		
Limestone {	Quarrying {	For {	..... Tons	2,436,988.9	726.0
			..... Tons	1,345,765.3	100.0
			..... Tons	800,915.0	806.0
			..... Tons	128,736.7	27,334.2
Preparation for strip cropping.....	Acres	185,100.6	2,160.3		
Road erosion demonstration.....	Miles	811.0	175.0		
Wind erosion area treated.....	Acres	14,522.4	566.8		
Water spreaders (rock, brush, wire)....	Lin.ft.	6,747,990.0	....		
Water spreaders (terrace type).....	Lin.ft.	4,197,712.0	....		
Flood Control, Irrigation, and Drainage					
Clearing and cleaning {	Channels and levees.....	Sq.yd.	68,805,413.0	423,815,661.5	
	Res., pond & lake sites... ..	Acres	193,913.4	5,512.9	
Lining of waterways.....	Sq.yd.	1,913,449.0	371,381.1		
Excav., chan., canals, & ditches {	Earth.....	Cu.yd.	25,182,103.0	68,501,207.0	
	Rock.....	Cu.yd.	1,055,037.0	85,103.0	
Pipe lines, tile lines, and conduits.....	Lin.ft.	2,582,580.0	1,940,928.0		
Riprap or paving {	Rock or concrete.....	Sq.yd.	3,595,674.0	103,926.0	
	Brush or willows.....	Sq.yd.	983,288.0	177,191.0	
Water control structures other than dams	Number	39,436.0	5,760.0		
Concrete core walls other than dams....	Cu.yd.	9,822.0	11.0		
Leveling of spoil banks.....	Cu.yd.	1,664,458.0	11,981,901.0		
Forest Culture					
Field planting or seeding (trees).....	Acres	2,060,403.6	207,983.9		
Forest stand improvement.....	Acres	3,879,280.9	16,755.0		
Nurseries	Man.....	Man-days	5,365,112.2	27,441.0	
Tree seed collection {	Conifers (cones) ..	Bushels	860,517.7	....	
	Hardwoods.....	Pounds	13,457,788.0	....	
Collection of tree seedlings.....	Number	11,899,184.0	....		

## 64. Reserve Officers and CCC

### FEDERAL SECURITY AGENCY—CIVILIAN CONSERVATION CORPS— WORK COMPLETED—ALL SERVICES (*Continued*)

TOTAL WORK COMPLETED BY THE CCC DURING THE PERIOD—APRIL, 1933—APRIL, 1941\*

<i>Type of Job or Project Classification</i>	<i>Unit</i>	<i>New Work</i>	<i>Maintenance</i>
<b>Forest Protection</b>			
Fighting forest fires.....	Man-days	6,273,220.1	....
Fire breaks.....	Miles	66,216.4	56,044.7
Fire hazard reduction {	Road- & trailside Miles	78,143.1	6,633.7
	Other ..... Acres	2,070,977.8	....
Fire presuppression.....	Man-days	5,494,022.2	21,026.0
Fire prevention.....	Man-days	688,262.5	1,412.0
Tree and plant disease control.....	Acres	7,963,249.4	718,431.7
Tree insect pest control.....	Acres	12,693,331.3	173,880.4
<b>Landscape and Recreation</b>			
Beach improvement.....	Acres	3,312.5	523.8
General clean-up.....	Acres	460,924.9	43,619.1
Landscaping, undifferentiated.....	Acres	216,721.6	43,608.7
Moving and planting trees and shrubs...	Number	39,159,884.0	4,778,778.5
Parking areas and parking overlooks...	Sq.yd.	7,608,860.0	361,321.0
Public camp ground development.....	Acres	49,255.0	37,282.7
Public picnic ground development.....	Acres	9,765.8	4,457.2
Razing undesired struct. & obliterations.	Man-days	1,791,435.0	2,065.0
Seed collection, other than tree.....	Pounds	3,549,763.0	....
Seeding or sodding.....	Acres	173,269.9	25,270.4
Soil prep'n (t. soiling, fertil., fitg., etc.)...	Acres	183,808.4	3,152.3
Vista or other selective cutting.....	Acres	28,326.1	87.5
Walks, concrete, gravel, cinder, etc. ....	Lin.ft.	1,212,900.5	173,829.0
<b>Range</b>			
Elimination of predatory animals.....	Number	336,523.5	....
Range revegetation.....	Acres	657,319.9	20,176.3
Stock driveways.....	Miles	3,256.3	556.0
Pasture sodding.....	Acres	213,890.8	18,219.1
Pasture and range terracing.....	Acres	3,605.6	806.2
<b>Wildlife</b>			
Fish rearing ponds.....	Number	4,549.4	1,102.5
Food and cover planting & seeding.....	Acres	90,556.4	7,252.7
Lake and pond development.....	Man-days	892,946.0	8,984.0
Stocking fish.....	Number	931,216,114.0	....
Stream development (wildlife).....	Miles	6,976.6	497.4
Other wildlife activities.....	Man-days	1,202,017.0	11,921.0
Wildlife feeding.....	Man-days	102,806.0	37.0
Wildlife shelters.....	Number	27,999.0	603.0
<b>Other Activities</b>			
Educ., guide, cont. station work.....	Man-days	715,639.0	....
Emergency work.....	Man-days	1,881,686.0	....
Erad. of pois., weed, or exotic plants...	Acres	864,967.8	....
Experimental plots.....	Number	55,854.6	7,509.1
Fighting coal fires.....	Man-days	171,482.0	....
Insect pest control.....	Acres	5,508,509.4	47,392.6
Maps and models.....	Man-days	551,404.0	1,879.0
Marking boundaries.....	Miles	34,525.0	386.5

## 65. Conference on Children in a Democracy

### FEDERAL SECURITY AGENCY — CIVILIAN CONSERVATION CORPS — WORK COMPLETED — ALL SERVICES (*Continued*)

TOTAL WORK COMPLETED BY THE CCC DURING PERIOD—APRIL, 1933—APRIL, 1941 \*

<i>Type of Job or Project Classification</i>	<i>Unit</i>	<i>New Work</i>	<i>Maintenance</i>
<i>Other Activities (Continued)</i>			
Mosquito control.....	Acres	223,188.5	97,843.5
Preparation and transp. of materials. . . .	Man-days	7,964,436.0	16,251.0
Reconnaissance and investigation {	Archaeological... Man-days	184,707.0	....
	Other..... Man-days	394,708.0	4,346.0
Restoration of historic structures.....	Number	3,870.0	9.0
Rodent and predatory animal control...	Acres	3,851,234.7	715,648.6
Surveys .....	Man-days	4,246,277.8	268,603.0
Timber estimating.....	Acres	34,948,531.5	91,802.9
Tree preservation.....	Man-days	375,349.0	63,871.0
Equipment, repair or construction.....	Man-days	1,343,227.0	....
Hydraulic research.....	Man-days	161,008.0	12,893.0
Warehousing.....	Man-days	380,472.0	6,504.0
Unclassifiable.....	Man-days	88,323.0	11,050.0

\* Figures for February and March, 1941, estimated.

65 ¶ “We are Concerned About the Future of Our Democracy When Children Cannot Make the Assumptions That Mean Security and Happiness.” Address at the White House Conference on Children in a Democracy.

April 23, 1939

*Madam Secretary and Members of the Conference:*

It is, perhaps, because I happened to be born with what might be called a “relative mind” and because I have sought to cultivate that kind of thinking for nearly half a century, that I think of this Conference in the first instance in terms of the past.

Child welfare—to use a much misused term—did not enter into the public conscience of any nation in a big way until about one hundred years ago. And we know from reading Dickens and the literature of his period that the well-being of children

### 65. *Conference on Children in a Democracy*

in those early days was principally considered from the viewpoint of schooling, crime prevention and the ending of physical cruelty to the children—all of them, of course, interwoven with the well-known sentimentality of the good, the ultra-good, Victorians.

As time went on, some interest came to be taken in every nation, but still the activities of those who sought the bettering of the younger generation of the moment viewed the problem before them as a problem somewhat apart from the relationship of the younger generation to the broader public weal.

And, not so long ago, even at the time of the first Children's Conference to assemble in the White House under the leadership of President Theodore Roosevelt in 1909, the conditions that surrounded child life were discussed more in terms of child life by itself than in terms of the national community.

This was true to a very great extent in the two succeeding White House Conferences, and it occurs to me that this, the fourth Conference, marks a new and a somewhat changed era.

It is still our task to bring to bear on the major problems of child life all the wisdom and the understanding that can be distilled from compilations of facts, from the intuitions of common sense, and from professional skill. This Conference, like the others, is composed of men and women having a broad range of experience and interest in matters pertaining to the welfare of children. It is our purpose to review the objectives and methods affecting the safety and the well-being and the happiness of the younger generation and their preparation for the responsibilities of citizenship.

But we have gone one step further. Definitely we are here with a principal objective of considering the relationship between a successful democracy and the children who form an integral part of that democracy. We no longer set them apart from democracy as if they were a segregated group. They are at one with democracy because they are dependent upon democracy and democracy is dependent upon them.

Our work will not be concluded at the end of one day or

### 65. *Conference on Children in a Democracy*

two days—it will only have begun. During the greater part of the coming year the members of this Conference representing every State in the Union and many fields of endeavor, will be at work. In thousands of places, we shall be testing our institutions, and our own convictions and attitudes of mind as they affect our actions as parents and as citizens, in terms of their significance to the childhood of the Nation and, therefore, the Nation itself.

In an address on Pan American Day, two weeks ago, I said “Men are not prisoners of fate, but only prisoners of their own minds. They have within themselves the power to become free at any moment.” And a few days later, on April fifteenth, in addressing the heads of two great foreign States, I stated that I refused to believe that the world is, of necessity, a prisoner of destiny. “On the contrary,” I said, “it is clear that the leaders of great nations have it in their power to liberate their people from the disaster that impends. It is equally clear that in their own minds and in their own hearts the peoples themselves desire that their fears be ended.”

In providing for the health and education of children and for the formation of their minds and characters in ways which are in harmony with the institutions of a free society, democracy is training its future leaders. The safety of democracy therefore depends upon the widespread diffusion of opportunities for developing those qualities of mind and character which are essential to leadership in our modern age.

Further, democracy is concerned not only with preparation for leadership, but also with preparation for the discharge of the duties of citizenship in the determination of general policies and the selection of those persons who are to be entrusted with special duties. Beyond this, democracy must inculcate in its children capacities for living and assure opportunities for the fulfillment of those capacities. The success of democratic institutions is measured, not by extent of territory, financial power, machines or armaments, but by the desires, the hopes and the

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deep-lying satisfactions of the individual men, women and children who make up its citizenship.

We shall be concerned with ways in which the broad chasm between knowing and doing may be bridged over. We shall be reminding ourselves that all the lectures on nutrition will avail nothing unless there is food for a child to eat; that a law for compulsory school attendance is one thing and a chance to go to school is another. Prenatal instruction cannot assure healthy babies unless the mother has access to good medical and nursing care when the time for the baby's arrival is at hand. We know how to budget a family's expenditures, we have undertaken to preserve home life for fatherless or motherless children through the joint effort of the Federal Government and the States. We have made great progress in the application of money and service to the promotion of maternal and child health; the restoration of crippled children to normal physical condition; the protection of neglected children and children in danger of becoming delinquent, especially in rural areas; and the elimination of child labor from industries shipping goods in interstate commerce.

Yet, after all has been said, only a beginning has been made in affording security to children. In many parts of the country we have not provided enough to meet the minimum needs of dependent children for food, shelter and clothing, and the Federal Government's contribution toward their care is less generous than its contribution to the care of the aged.

It is not enough, however, to consider what a democratic society most provide. We must look at our civilization through the eyes of children. If we can state in simple language some of the basic necessities of childhood, we shall see more clearly the issues which challenge our intelligence today.

We make the assumption that a happy child should live in a home where he will find warmth and food and affection; that his parents will take care of him should he fall ill; that at school he will find the teachers and tools needed for an education;

### *65. Conference on Children in a Democracy*

that when he grows up there will be a job for him and that he will some day be able to establish his own home.

As we consider these essentials of a happy childhood our hearts are necessarily heavy with the knowledge that there are many children who cannot make these assumptions.

We are concerned about the children of the unemployed.

We are concerned about other children who are without adequate shelter or food or clothing because of the poverty of their parents.

We are concerned about the children of migratory families who have no settled place of abode or normal community relationships.

We are concerned about the children of minority groups in our population who, confronted with discrimination and prejudice, must find it difficult to believe in the just ordering of life or the ability of the adults in their world to deal with life's problems.

We are concerned about the children living beyond the reach of medical service or lacking medical service because their parents cannot afford to pay for it.

We are concerned about the children who are not in school or who attend schools poorly equipped to meet their needs.

We are concerned about the children who are outside the reach of religious influences, and are denied help in attaining faith in an ordered universe and in the fatherhood of God.

We are concerned about the future of our democracy when children cannot make the assumptions that mean security and happiness.

This Conference and the activities which it initiates furnish an opportunity for us to test ourselves and our institutions by the extent to which they serve our children. I look to you for comprehensive review of the problems and for suggestions as to practical ways in which we may advance toward our goal.

Many branches of the Federal Government are engaged in the promotion of the health, education and well-being of the Nation's children. You will be asked to consider the points at

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which these undertakings may be strengthened, and the needs for service which cannot be supplied with the resources that we have at hand. But the attention of this Conference must not be directed to Federal activities alone, or even to joint Federal and State undertakings. It is the local community which is the focal point for all these programs. Children receive benefits not in Washington but in the places and the homes where they live.

The men and women within the sound of my voice, as well as you who are assembled at the White House today, are, in the larger sense, all members of this Conference. Recommendations will be brought to us in a final session next year. That is more than a year to find out what we want to do next. When that time comes I think it will be for all of us to determine the extent to which the recommendations will be translated into action.

But action we must have.

I bid you, the members of the Conference, Godspeed in this, your high endeavor.

## 66 ¶ The President Presents Plan No. I to Carry Out the Provisions of the Reorganization Act.

April 25, 1939

*To the Congress:*

PURSUANT to the provisions of the Reorganization Act of 1939 (Public No. 19, 76th Congress, 1st Session), approved April 3, 1939, I herewith transmit Reorganization Plan No. I, which, after investigation, I have prepared in accordance with the provisions of Section 4 of the Act; and I declare that with respect to each transfer, consolidation, or abolition made in Reorganization Plan No. I, I have found that such transfer, consolidation, or abolition is necessary to accomplish one or more of the purposes of Section 1(a) of the Act.

In these days of ruthless attempts to destroy democratic governments, it is baldly asserted that democracies must always be

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weak in order to be democratic at all; and that, therefore, it will be easy to crush all free states out of existence.

Confident in our Republic's 150 years of successful resistance to all subversive attempts upon it, whether from without or within, nevertheless we must be constantly alert to the importance of keeping the tools of American democracy up to date. It is our responsibility to make sure that the peoples' Government is in condition to carry out the peoples' will, promptly, effectively, without waste or lost motion.

In 1883 under President Arthur we strengthened the machinery of democracy by the Civil Service law; beginning in 1905 President Roosevelt initiated important inquiries into Federal administration; in 1911 President Taft named the Economy and Efficiency Commission which made very important recommendations; in 1921 under Presidents Wilson and Harding we tightened up our budgetary procedure. Presidents Theodore Roosevelt, Taft, Wilson, Harding, Coolidge and Hoover in succession strongly recommended the rearrangement of Federal administrative activities. In 1937 I proposed, on the basis of an inquiry authorized and appropriated for by the Congress, the strengthening of the administrative management of the executive establishment.

None of all this long series of suggestions, running over more than a quarter of a century, was in any sense personal or partisan in design.

These measures have all had only one supreme purpose — to make democracy work — to strengthen the arms of democracy in peace or war and to ensure the solid blessings of free Government to our people in increasing measure.

We are not free if our administration is weak. But we are free if we know, and others know, that we are strong; that we can be tough as well as tender-hearted; and that what the American people decide to do can and will be done, capably and effectively, with the best national equipment that modern organizing ability can supply in a country where management and organization is so well understood in private affairs.

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My whole purpose in submitting this Plan is to improve the administrative management of the Republic, and I feel confident that our Nation is united in this central purpose, regardless of differences upon details.

This Plan is concerned with the practical necessity of reducing the number of agencies which report directly to the President and also of giving the President assistance in dealing with the entire Executive Branch by modern means of administrative management.

Forty years ago in 1899 President McKinley could deal with the whole machinery of the Executive Branch through his eight cabinet secretaries and the heads of two commissions; and there was but one commission of the so-called quasi-judicial type in existence. He could keep in touch with all the work through eight or ten persons.

Now, forty years later, not only do some thirty major agencies (to say nothing of the minor ones) report directly to the President, but there are several quasi-judicial bodies which have enough administrative work to require them also to see him on important executive matters.

It has become physically impossible for one man to see so many persons, to receive reports directly from them, and to attempt to advise them on their own problems which they submit. In addition the President today has the task of trying to keep their programs in step with each other or in line with the national policy laid down by the Congress. And he must seek to prevent unnecessary duplication of effort.

The administrative assistants provided for the President in the Reorganization Act cannot perform these functions of overall management and direction. Their task will be to help me get information and condense and summarize it—they are not to become in any sense Assistant Presidents nor are they to have any authority over anybody in any department or agency.

The only way in which the President can be relieved of the physically impossible task of directly dealing with 30 or 40 major agencies is by reorganization—by the regrouping of agencies

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according to their major purposes under responsible heads who will report to the President, just as is contemplated by the Reorganization Act of 1939.

This Act says that the President shall investigate the organization of all agencies of the Government and determine what changes are necessary to accomplish any one or more of five definite purposes:

- (1) To reduce expenditures
- (2) To increase efficiency
- (3) To consolidate agencies according to major purposes
- (4) To reduce the number of agencies by consolidating those having similar functions and by abolishing such as may not be necessary
- (5) To eliminate overlapping and duplication of effort.

It being obviously impracticable to complete this task at one time, but, having due regard to the declaration of Congress that it should be accomplished immediately and speedily, I have decided to undertake it promptly in several steps.

The first step is to improve over-all management, that is to do those things which will accomplish the purposes set out in the law, and which, at the same time, will reduce the difficulties of the President in dealing with the multifarious agencies of the Executive Branch and assist him in distributing his responsibilities as the chief administrator of the Government by providing him with the necessary organization and machinery for better administrative management.

The second step is to improve the allocation of departmental activities, that is, to do those things which will accomplish the purposes set out in the law and at the same time help that part of the work of the Executive Branch which is carried on through executive departments and agencies. In all this the responsibility to the people is through the President.

The third step is to improve intradepartmental management, that is, to do those things which will enable the heads of departments and agencies the better to carry out their own duties and

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distribute their own work among their several assistants and subordinates.

Each of these three steps may require from time to time the submission of one or more plans involving one or more reorganizations, but it is my purpose to fulfill the duty imposed upon me by the Congress as expeditiously as practicable and to the fullest extent possible in view of the exceptions and exemptions set out in the Act.

The plan I now transmit is divided into four parts or sections which I shall describe briefly as follows:

### PART 1. EXECUTIVE OFFICE OF THE PRESIDENT

In my message to the Congress of January 12, 1937, in discussing the problem of how to improve the administrative management of the Executive Branch, I transmitted with my approval certain recommendations for strengthening and developing the management arms of the President. Those three management arms deal with (1) budget, and efficiency research, (2) planning, and (3) personnel. My accumulated experience during the two years since that time has deepened my conviction that it is necessary for the President to have direct access to these managerial agencies in order that he may have the machinery to enable him to carry out his constitutional responsibility, and in order that he may be able to control expenditures, to increase efficiency, to eliminate overlapping and duplication of effort, and to be able to get the information which will permit him the better to advise the Congress concerning the state of the Union and the program of the Government.

Therefore, I find it necessary and desirable in carrying out the purposes of the Act to transfer the Bureau of the Budget to the Executive Office of the President from the Treasury Department. It is apparent from the legislative history of the Budget and Accounting Act that it was the purpose in 1921 to set up an executive budget for which the President would be primarily responsible to the Congress and to the people, and that the Director of the Budget was to act under the immediate direction

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and supervision of the President. While no serious difficulties have been encountered because of the fact that the Bureau of the Budget was placed in the Treasury Department so far as making budgetary estimates has been concerned, it is apparent that its coordinating activities and its research and investigational activities recently provided for by the Congress, will be facilitated if the Bureau is not a part of one of the ten executive departments. Also, in order that the Bureau of the Budget may the better carry out its work of coordination and investigation, I find it desirable and necessary in order to accomplish the purposes of the Act to transfer to the Bureau of the Budget the functions of the Central Statistical Board.

By these transfers to the Executive Office, the President will be given immediate access to that managerial agency which is concerned with the preparation and administration of the budget, with the coordination of the work of the governmental agencies, and with research and investigation necessary to accomplish the five definite purposes of the Reorganization Act of 1939.

I also find it necessary and desirable to transfer to the Executive Office of the President the National Resources Committee, now an independent establishment, and to consolidate with it by transfer from the Department of Commerce the functions of the Federal Employment Stabilization Office, the consolidated unit to be known as the National Resources Planning Board. This Board would be made up as is the present Advisory Board of the National Resources Committee of citizens giving part time services to the Government, who aided by their technical staff would be able to advise the President, the Congress and the people with respect to plans and programs for the conservation of the national resources, physical and human. By these transfers to the Executive Office, the President will be given more direct access to and immediate direction over that agency which is concerned with planning for the utilization and conservation of the national resources, an indispensable part of the equipment of the Chief Executive.

On previous occasions I have recommended and I hereby

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renew and emphasize my recommendations that the work of this Board be placed upon a permanent statutory basis.

Because of an exemption in the Act, it is impossible to transfer to the Executive Office the administration of the third managerial function of the Government, that of personnel. However, I desire to inform the Congress that it is my purpose to name one of the administrative assistants to the President, authorized in the Reorganization Act of 1939, to serve as a liaison agent of the White House on personnel management.

In this manner, the President will be given for the first time direct access to the three principal necessary management agencies of the Government. None of the three belongs in any existing Department. With their assistance, and with this reorganization, it will be possible for the President to continue the task of making investigations of the organization of the Government in order to control expenditures, increase efficiency, and eliminate overlapping.

### PART 2. FEDERAL SECURITY AGENCY

Studies heretofore made by me and researches made at my direction, as well as recommendations submitted by me to the Congress, and especially those contained in my message of January 12, 1937, indicate clearly that to carry out the purposes of the Reorganization Act of 1939 to group, coordinate and consolidate agencies of the Government according to major purposes and to reduce the number of agencies by consolidating those having similar functions under a single head, would require the provision of three general agencies in addition to the ten Executive Departments.

It is my objective then, by transfer, consolidation and abolition to set up a Federal Security Agency, a Federal Works Agency and a Federal Loan Agency, and then to distribute among the ten Executive Departments and these three new agencies, the major independent establishments in the Government (excepting those exempt from the operations of the Act) in order to minimize overlapping and duplication, to increase

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efficiency and to reduce expenditures to the fullest extent consistent with the efficient operation of the Government.

I find it necessary and desirable to group in a Federal Security Agency those agencies of the Government, the major purposes of which are to promote social and economic security, educational opportunity and the health of the citizens of the Nation.

The agencies to be grouped are: the Social Security Board, now an independent establishment; the United States Employment Service, now in the Department of Labor; the Office of Education, now in the Department of the Interior; the Public Health Service, now in the Treasury Department; the National Youth Administration, now in the Works Progress Administration; and the Civilian Conservation Corps, now an independent agency.

The Social Security Board is placed under the Federal Security Agency, and at the same time the United States Employment Service is transferred from the Department of Labor and consolidated with the unemployment compensation functions of the Social Security Board in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

The unemployment compensation functions of the Social Security Board and the Employment Service of the Department of Labor are concerned with the same problem, that of the employment, or the unemployment, of the individual worker.

Therefore, they deal necessarily with the same individual. These particular services to the particular individual also are bound up with the public assistance activities of the Social Security Board. Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation, but this transfer and merger also will be to the advantage of the administration of State social security programs and result in considerable saving of money in the administrative costs of the Governments of the forty-eight States as well as those of the United States. In addition to this saving of money there will be a considerable saving of time and

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energy not only on the part of administrative officials concerned with this program in both Federal and State Governments, but also on the part of employers and workers, permitting through the simplification of procedures a reduction in the number of reports required and the elimination of unnecessary duplication in contacts with workers and with employers.

Because of the relationship of the educational opportunities of the country to the security of its individual citizens, the Office of Education with all of its functions, including, of course, its administration of Federal-State programs of vocational education, is transferred from the Department of the Interior to the Federal Security Agency. This transfer does not increase or extend the activities of the Federal Government in respect to education, but does move the existing activities into a grouping where the work may be carried on more efficiently and expeditiously, and where coordination and the elimination of overlapping may be better accomplished. The Office of Education has no relationship to the other functions of the Department of the Interior.

The Public Health Service is transferred from the Treasury Department to the Federal Security Agency. It is obvious that the health activities of the Federal Government may be better carried out when so grouped than if they are left in the Treasury, which is primarily a fiscal agency, and where the necessary relationships with other social security, employment and educational activities now must be carried on by an elaborate scheme of interdepartmental committee work.

The National Youth Administration is transferred from the Works Progress Administration to the Federal Security Agency since its major purpose is to extend the educational opportunities of the youth of the country and to bring them through the processes of training into the possession of skills which enable them to find employment. Other divisions of the Federal Security Agency will have the task of finding jobs, providing for unemployment compensation and other phases of social security, while still other units of the new agency will be concerned with

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the problems of primary and secondary education, as well as vocational education and job training and retraining for employment. While much of the work of the National Youth Administration has been carried on through work projects, these have been merely the process through which its major purpose was accomplished, and, therefore, this agency under the terms of the Act should be grouped with the other security agencies rather than with the work agencies.

For similar reasons the Civilian Conservation Corps, now an independent establishment, is placed under the Federal Security Agency because of the fact that its major purpose is to promote the welfare and further the training of the individuals who make up the Corps, important as may be the construction work which they have carried on so successfully. The Civilian Conservation Corps is a small coordinating agency which supervises work carried on with the cooperation of several regular departments and independent units of the Government. This transfer would not interfere with the plan of work heretofore carried on but it would enable the Civilian Conservation Corps to coordinate its policies, as well as its operations, with those other agencies of the Government concerned with the educational and health activities and with human security.

### PART 3. FEDERAL WORKS AGENCY

In order to carry out the purpose of the Reorganization Act of 1939 I find it necessary and desirable to group and consolidate under a Federal Works Agency those agencies of the Federal Government dealing with public works not incidental to the normal work of other departments, and which administer Federal grants or loans to State and local Governments or other agencies for the purposes of construction.

The agencies so to be grouped are: the Bureau of Public Roads, now in the Department of Agriculture; the Public Buildings Branch of the Procurement Division, now in the Treasury Department, and the Branch of Buildings Management of the National Park Service (so far as it is concerned with public

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buildings which it operates for other departments or agencies) now in the Department of the Interior; the United States Housing Authority, now in the Department of the Interior; the Federal Emergency Administration of Public Works (familiarily known as PWA); and the Works Progress Administration (familiarily known as WPA), except the functions of the National Youth Administration.

The transfer of both the Public Works Administration and the Works Progress Administration to the new Federal Works Agency would provide for both principal types of public works that have been carried on by the Federal Government directly or in cooperation with the State and local Governments. I find that it will be possible to reduce administrative costs as well as to improve efficiency and to eliminate overlapping by bringing these different programs of public works under a common head. But, because of the differences that justified their separate operation in the past and differences that will continue in the future to distinguish certain phases of major public works from work relief, I find it necessary to maintain them at least for the present as separate subordinate units of the Federal Works Agency.

The present Federal Emergency Administration of Public Works is placed under the Federal Works Agency under the shorter name of Public Works Administration.

The name of the Works Progress Administration has been changed to Work Projects Administration in order to make its title more descriptive of its major purpose.

The Bureau of Public Roads is transferred from the Department of Agriculture to the Federal Works Agency and as a separate unit under the name of Public Roads Administration. This will bring the administration of the Federal roads program with its grants-in-aid to the States into coordination with other major public works programs and other programs of grants and loans to the States.

The construction and operation of many public buildings is now carried on in two agencies which are consolidated under

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the new Federal Works Agency, namely the Public Buildings Branch of the Procurement Division of the Treasury Department (which is concerned with the construction of Federal buildings and with the operation of many public buildings outside the District of Columbia) and the Branch of Buildings Management of the National Park Service, of the Department of the Interior, which is concerned with the operation of public buildings in the District of Columbia. These two separate activities are consolidated in one unit to be known as the Public Buildings Administration. Improved efficiency, coordination of effort, and savings will result from this transfer and consolidation.

Then, also, there is transferred from the Department of the Interior to the Federal Works Agency the United States Housing Authority. The major purpose of the United States Housing Authority is to administer grants-in-aid and loans to local public housing authorities in accordance with its established standards of construction in that part of the housing field which cannot be reached economically by private enterprise. For these reasons, it should be grouped with those other agencies which have to do with public works, with grants and loans to State and local Governments and with construction practices and standards.

#### **PART 4. FEDERAL LOAN AGENCY AND TRANSFERS OF INDEPENDENT LENDING AGENCIES**

In order to carry out the purposes of the Reorganization Act of 1939 I find it necessary and desirable to group under a Federal Loan Agency those independent lending agencies of the Government which have been established from time to time for the purpose of stimulating and stabilizing the financial, commercial and industrial enterprises of the Nation.

The agencies to be so grouped in the Federal Loan Agency are: the Reconstruction Finance Corporation, the Electric Home and Farm Authority, the Federal Home Loan Bank Board, the Federal Housing Administration and their associated agencies and boards, as well as the Export-Import Bank of Washington.

Since 1916 the Congress has established from time to time

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agencies for providing loans, directly or indirectly, for the stimulation and stabilization of agriculture, and such agencies should in my opinion be grouped with the other agricultural activities of the Government. For that reason I find it necessary and desirable to accomplish the purposes of the Act to transfer the Farm Credit Administration, the Federal Farm Mortgage Corporation and the Commodity Credit Corporation and associated agencies, to the Department of Agriculture.

#### ECONOMY AND EFFICIENCY

One of the five purposes of the Reorganization Act of 1939 is "to reduce expenditures to the fullest extent consistent with the efficient operation of the Government." This purpose is important in each phase of the Plan here presented. The Reorganization Act prohibits abolishing functions—in other words basic services or activities performed. Therefore the reduction in expenditures to be effected must necessarily be brought about chiefly in the overhead administrative expenses of the agencies set up to perform certain functions. The chance for economy arises therefore not from stopping work, but from organizing the work and the overhead more efficiently in combination with other similar activities. Only the Congress can abolish or curtail functions now provided by law.

The overhead administrative costs of all the agencies affected in Reorganization Plan No. I is about \$235,000,000. This does not include the loans they make, the benefits they pay, the wages of the unemployed who have been given jobs; it does not include the loans and grants to States or, in short, the functional expense. It does include the overhead expense of operating and administering all these agencies.

The reduction of administrative expenditures which it is probable will be brought about by the taking effect of the reorganization specified in the Plan is estimated as nearly as may be at between \$15,000,000 and \$20,000,000 annually, a substantial lowering of the existing overhead. Certain of these economies can be brought about almost immediately, others will require a

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painstaking and gradual readjustment in the machinery and business practices of the Government.

Any such estimate is incomplete, however, without reference to the corresponding savings which will follow in the States and cities through the recommended consolidation of the Federal services with which they cooperate, and the improved efficiency and convenience which will be felt by citizens all over the Nation, many of whom will be able to find in a single office many of the services now scattered in several places. These economies will undoubtedly exceed the direct savings in the Federal Budget.

It will not be necessary to ask the Congress for any additional appropriations for the administrative expenses of the three consolidated Agencies set up in this Plan, since their costs will be met from funds now available for the administrative expenses of their component units. Actually new expenses will be only a fractional part of the expected savings.

Neither on this Reorganization Plan No. I nor on future Reorganization Plans, covering interdepartmental changes and intradepartmental changes, will every person agree on each and every detail. It is true that out of the many groupings and regroupings proposed in this message a few of the individual agencies could conceivably be placed elsewhere.

Nevertheless, I have been seeking to consider the functional origin and purpose of each agency as required by the Reorganization Bill itself.

If in the future experience shows that one or two of them should be re-grouped, it will be wholly possible for the President and the Congress to make the change.

The Plan presented herewith represents two years of study. It is a simple and easily understood Plan. It conforms to methods of executive administration used by large private enterprises which are engaged in many lines of production. Finally, it will save a sum of money large in comparison with the existing overhead of the agencies involved.

I trust, therefore, that the Congress will view the Plan as a

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whole and make it possible to take the first step in improving the executive administration of the Government of the United States.

### REORGANIZATION PLAN NO. I

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 25, 1939, pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939.

#### PART 1. EXECUTIVE OFFICE OF THE PRESIDENT

Section 1. *Bureau of the Budget.*—The Bureau of the Budget and all of its functions and personnel (including the Director and Assistant Director) are hereby transferred from the Treasury Department to the Executive Office of the President; and the functions of the Bureau of the Budget shall be administered by the Director thereof under the direction and supervision of the President.

Section 2. *Central Statistical Board.*—The Central Statistical Board and all of its functions and personnel (including the Chairman and the members of the Board) are hereby transferred to the Bureau of the Budget in the Executive Office of the President. The Chairman of the Board shall perform such administrative duties as the Director of the Bureau of the Budget shall direct.

Section 3. *Central Statistical Committee Abolished and Functions Transferred.*—The Central Statistical Committee is hereby abolished, and its functions are transferred to the Director of the Bureau of the Budget to be administered by him under the direction and supervision of the President. The Director of the Bureau of the Budget shall promptly wind up any outstanding affairs of the Central Statistical Committee.

Section 4. *National Resources Planning Board.*—(a) The functions of the National Resources Committee, established by Executive Order No. 7065 of June 7, 1935, and its personnel (except the members of the Committee) and all of the functions of the Federal Employment Stabilization Office in the Department of

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Commerce and its personnel are hereby transferred to the Executive Office of the President. The functions transferred by this section are hereby consolidated, and they shall be administered under the direction and supervision of the President by the National Resources Planning Board (hereafter referred to as the Board), which shall be composed of five members to be appointed by the President. The President shall designate one of the members of the Board as Chairman and another as Vice Chairman. The Vice Chairman shall act as Chairman in the absence of the Chairman or in the event of a vacancy in that office. The members of the Board shall be compensated at the rate of \$50 per day for time spent in attending and traveling to and from meetings, or in otherwise exercising the functions and duties of the Board, plus the actual cost of transportation: *Provided*, That in no case shall a member be entitled to receive compensation for more than thirty days' service in two consecutive months.

(b) The Board shall determine the rules of its own proceedings, and a majority of its members in office shall constitute a quorum for the transaction of business, but the Board may function notwithstanding vacancies.

(c) The Board may appoint necessary officers and employees and may delegate to such officers authority to perform such duties and make such expenditures as may be necessary.

Section 5. *National Resources Committee Abolished.*—The National Resources Committee is hereby abolished, and its outstanding affairs shall be wound up by the National Resources Planning Board.

Section 6. *Federal Employment Stabilization Office Abolished.*—The Federal Employment Stabilization Office is hereby abolished, and the Secretary of Commerce shall promptly wind up its affairs.

Section 7. *Transfer of Records and Property.*—All records and property (including office equipment) of the several agencies transferred, or the functions of which are transferred, by this Part are hereby transferred to the Executive Office of the

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President for use in the administration of the agencies and functions transferred by this Part.

Section 8. *Transfer of Funds.*—So much of the unexpended balances of appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the use of any agency in the exercise of any functions transferred by this Part, or for the use of the head of any department or agency in the exercise of any functions so transferred, as the Director of the Bureau of the Budget shall determine, shall be transferred to the Executive Office of the President for use in connection with the exercise of functions transferred by this Part. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4(d) (3) and section 9 of the Reorganization Act of 1939.

Section 9. *Personnel.*—Any personnel transferred by this Part found to be in excess of the personnel necessary for the efficient administration of the functions transferred by this Part shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

### PART 2. FEDERAL SECURITY AGENCY

Section 201. *Federal Security Agency.*—(a) The United States Employment Service in the Department of Labor and its functions and personnel are transferred from the Department of Labor; the Office of Education in the Department of the Interior and its functions and personnel (including the Commissioner of Education) are transferred from the Department of the Interior; the Public Health Service in the Department of the Treasury and its functions and personnel (including the Surgeon General of the Public Health Service) are transferred from

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the Department of the Treasury; the National Youth Administration within the Works Progress Administration and its functions and personnel (including its Administrator) are transferred from the Works Progress Administration; and these agencies and their functions, together with the Social Security Board and its functions, and the Civilian Conservation Corps and its functions, are hereby consolidated under one agency to be known as the Federal Security Agency, with a Federal Security Administrator at the head thereof. The Federal Security Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum. He shall have general direction and supervision over the administration of the several agencies consolidated into the Federal Security Agency by this section and shall be responsible for the coordination of their functions and activities.

(b) The Federal Security Administrator shall appoint an Assistant Federal Security Administrator, who shall receive a salary at the rate of \$9,000 per annum, and he may also appoint such other personnel and make such expenditures as may be necessary.

(c) The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office and shall perform such other duties as the Administrator shall direct.

(d) The several agencies and functions consolidated by this section into the Federal Security Agency shall carry with them their personnel.

Section 202. *Social Security Board.*—The Social Security Board and its functions shall be administered as a part of the Federal Security Agency under the direction and supervision of the Federal Security Administrator. The Chairman of the Social Security Board shall perform such administrative duties as the Federal Security Administrator shall direct.

Section 203. *United States Employment Service.*—(a) The functions of the United States Employment Service shall be consolidated with the unemployment compensation functions of the

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Social Security Board and shall be administered in the Social Security Board in connection with such unemployment compensation functions under the direction and supervision of the Federal Security Administrator.

(b) The office of the Director of the United States Employment Service is hereby abolished, and all of the functions of such office are transferred to, and shall be exercised by, the Social Security Board.

(c) All functions of the Secretary of Labor relating to the administration of the United States Employment Service are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

Section 204. *Office of Education.*—(a) The Office of Education and its functions shall be administered by the Commissioner of Education under the direction and supervision of the Federal Security Administrator.

(b) All functions of the Secretary of the Interior relating to the administration of the Office of Education are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

Section 205. *Public Health Service.*—(a) The Public Health Service and its functions shall be administered by the Surgeon General of the Public Health Service under the direction and supervision of the Federal Security Administrator.

(b) All the functions of the Secretary of the Treasury relating to the administration of the Public Health Service, except those functions relating to the acceptance and investment of gifts as authorized by sections 23(b) and 137(e), title 42, U.S. Code, are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

Section 206. *National Youth Administration.*—The National Youth Administration and its functions shall be administered by the National Youth Administrator under the direction and supervision of the Federal Security Administrator.

Section 207. *Civilian Conservation Corps.*—The Civilian Conservation Corps and its functions shall be administered by

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the Director of the Civilian Conservation Corps under the direction and supervision of the Federal Security Administrator.

Section 208. *Transfer of Records and Property.*—All records and property (including office equipment) of the several agencies which, with their functions, are consolidated by section 201 into the Federal Security Agency are hereby transferred to the jurisdiction and control of the Federal Security Agency for use in the administration of the agencies and functions consolidated by that section.

Section 209. *Transfer of Funds.*—So much of the unexpended balances of appropriations, allocations, or other funds (including those available for the fiscal year ending June 30, 1940) available for the use of any agency in the exercise of any functions transferred by this Part, or for the use of the head of any department or agency in the exercise of any functions as transferred, as the Director of the Bureau of the Budget shall determine, shall be transferred for use in connection with the exercise of the functions transferred by this Part. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4(d) (3) and section 9 of the Reorganization Act of 1939.

Section 210. *Administrative Funds.*—The Director of the Bureau of the Budget shall allocate to the Federal Security Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies and functions consolidated by this Part, such sums, and in such proportions, as he may find necessary for the administrative expenses of the Federal Security Agency.

Section 211. *Personnel.*—Any personnel transferred by this Part found to be in excess of the personnel necessary for the ef-

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ficient administration of the functions transferred by this Part shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

#### PART 3. FEDERAL WORKS AGENCY

Section 301. *Federal Works Agency*.—(a) The Bureau of Public Roads in the Department of Agriculture and its functions and personnel (including the Chief thereof) are transferred from the Department of Agriculture; the Public Buildings Branch of the Procurement Division in the Treasury Department and its functions and personnel are transferred from the Treasury Department; the Branch of Buildings Management of the National Park Service in the Department of the Interior and its functions and personnel (except those relating to monuments and memorials), and the functions of the National Park Service in the District of Columbia in connection with the general assignment of space, the selection of sites for public buildings, and the determination of the priority in which the construction or enlargement of public buildings shall be undertaken, and the personnel engaged exclusively in the administration of such functions, and the United States Housing Authority in the Department of the Interior and its functions and personnel (including the Administrator) are transferred from the Department of the Interior; and all of these agencies and functions, together with the Federal Emergency Administration of Public Works and its functions, and all of the Works Progress Administration and its functions (except the National Youth Administration and its functions) are hereby consolidated into one agency to be known as the Federal Works Agency, with a Federal Works Administrator at the head thereof. The Federal Works Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum. He shall have general direction and supervision over the administration of the several agencies consolidated into the Federal Works Agency by this

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section and shall be responsible for the coordination of their functions.

(b) The Federal Works Administrator shall appoint an Assistant Federal Works Administrator, who shall receive a salary at the rate of \$9,000 per annum, and he may also appoint such other personnel and make such expenditures as may be necessary.

(c) The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

(d) The several agencies and functions consolidated by this section in the Federal Works Agency shall carry with them their personnel.

Section 302. *Public Roads Administration.*—(a) The Bureau of Public Roads and its functions shall be administered as the Public Roads Administration at the head of which shall be the Chief of the Bureau of Public Roads whose title shall be changed to Commissioner of Public Roads. Hereafter the Commissioner of Public Roads shall be appointed by the Federal Works Administrator.

(b) All functions of the Secretary of Agriculture relating to the administration of the Bureau of Public Roads are hereby transferred to, and shall be exercised by, the Federal Works Administrator.

Section 303. *Public Buildings Administration.*—(a) The Public Buildings Branch of the Procurement Division and its functions, the Branch of Buildings Management of the National Park Service and its functions (except those relating to monuments and memorials) and the functions of the National Park Service in the District of Columbia in connection with the general assignment of space, the selection of sites for public buildings, and the determination of the priority in which the construction or enlargement of public buildings shall be undertaken, are hereby consolidated and shall be administered as the Public Buildings Administration, with a Commissioner of Public Buildings at the

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head thereof. The Commissioner of Public Buildings shall be appointed by the Federal Works Administrator and shall receive a salary at the rate of \$9,000 per annum. The Commissioner of Public Buildings shall act under the direction and supervision of the Federal Works Administrator.

(b) All functions of the Secretary of the Treasury and the Director of Procurement relating to the administration of the Public Buildings Branch of the Procurement Division and to the selection of location and sites for public buildings, and all functions of the Secretary of the Interior and the Director of the National Park Service relating to the administration of the functions of the Branch of Buildings Management and the functions of the National Park Service in the District of Columbia in connection with the general assignment of space, the selection of sites for public buildings, and the determination of the priority in which the construction or enlargement of public buildings shall be undertaken, are hereby transferred to, and shall be exercised by, the Federal Works Administrator.

Section 304. *United States Housing Authority.*—(a) The United States Housing Authority and its functions shall be administered by the United States Housing Administrator under the direction and supervision of the Federal Works Administrator.

(b) All functions of the Secretary of the Interior relating to the administration of the United States Housing Authority are hereby transferred to, and shall be exercised by, the Federal Works Administrator.

Section 305. *Public Works Administration.*—The Federal Emergency Administration of Public Works and its functions shall be administered as the Public Works Administration with a Commissioner of Public Works at the head thereof. The Commissioner of Public Works shall be appointed by the Federal Works Administrator and shall receive a salary at the rate of \$10,000 per annum. The Commissioner of Public Works shall act under the direction and supervision of the Federal Works Administrator.

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Section 306. *Work Projects Administration.*—The Works Progress Administration and its functions (except the National Youth Administration and its functions) shall be administered as the Work Projects Administration, with a Commissioner of Work Projects at the head thereof. The Commissioner shall be appointed by the Federal Works Administrator and shall receive a salary at the rate of \$10,000 per annum. The Commissioner shall act under the direction and supervision of the Federal Works Administrator.

Section 307. *Transfer of Records and Property.*—All records and property (including office equipment) of the several agencies which, with their functions, are consolidated by section 301 into the Federal Works Agency are hereby transferred to the jurisdiction and control of the Federal Works Agency for use in the administration of the agencies and functions consolidated by that section.

Section 308. *Transfer of Funds.*—(a) So much of the unexpended balances of appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the use of any agency (except the United States Housing Authority) in the exercise of any functions transferred by this Part, or for the use of the head of any department or agency in the exercise of any functions so transferred, and so much of such balances available to the United States Housing Authority for administrative expenses, as the Director of the Bureau of the Budget shall determine, shall be transferred for use in connection with the exercise of the functions transferred by this Part. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4(d) (3) and section 9 of the Reorganization Act of 1939.

(b) All unexpended balances of appropriations, allocations,

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or other funds available (including those available for the fiscal year ending June 30, 1940) for the use of the United States Housing Authority, other than those transferred by subsection (a) of this section, are hereby transferred with the United States Housing Authority and shall remain available to it for the exercise of its functions.

Section 309. *Administrative Funds.*—The Director of the Bureau of the Budget shall allocate to the Federal Works Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies and functions consolidated by section 301, such sums, and in such proportions, as he may find necessary for the administrative expenses of the Federal Works Agency.

Section 310. *Personnel.*—Any of the personnel transferred by this Part found to be in excess of the personnel necessary for the efficient administration of the functions transferred by this Part shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

#### PART 4. LENDING AGENCIES

Section 401. (a) *Transfers to the Department of Agriculture.*—The Farm Credit Administration, the Federal Farm Mortgage Corporation, and the Commodity Credit Corporation, and their functions and activities, together with their respective personnel, records, and property (including office equipment), are hereby transferred to the Department of Agriculture and shall be administered in such Department under the general direction and supervision of the Secretary of Agriculture, who shall be responsible for the coordination of their functions and activities.

(b) *Transfer of Administrative Funds.*—So much of the unexpended balances of appropriations, allocations, or other funds available (including those available for the fiscal year ending

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June 30, 1940) for the administrative expenses of any agency transferred by this section, as the Director of the Bureau of the Budget shall determine, shall be transferred to the Secretary of Agriculture for such use; and the Director of the Bureau of the Budget shall allocate to the Secretary of Agriculture from such funds, such sums, and in such proportions, as he may find necessary for the administrative expenses of the Secretary of Agriculture in connection with the agencies and functions transferred by this section. In determining the amount to be transferred, the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer. The use of the unexpended balances of appropriations, allocations, or other funds transferred by this subsection shall be subject to the provision of section 4 (d) (3) and section 9 of the Reorganization Act of 1939.

(c) *Transfer of other funds.*—All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (b) of this section, available (including those available for the fiscal year ending June 30, 1940) for any agency transferred by subsection (a) of this section shall be transferred with such agency and shall remain available to it for the exercise of its functions.

(d) *Personnel.*—Any of the personnel transferred by this section to the Department of Agriculture which the Secretary of Agriculture shall find to be in excess of the personnel necessary for the administration of the functions transferred by this section shall be re-transferred under existing law to other positions in the Government, or separated from the service subject to the provisions of section 10 (a) of the Reorganization Act of 1939.

Section 402. (a) *Federal Loan Agency.*—There shall be at the seat of the Government a Federal Loan Agency, with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum.

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(b) *Assistant Federal Loan Administrator.*—The Federal Loan Administrator shall appoint an Assistant Federal Loan Administrator, who shall receive a salary at the rate of \$9,000 per annum. The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

(c) *Powers and Duties of Administrator.*—The Administrator shall supervise the administration, and shall be responsible for the coordination of the functions and activities, of the following agencies: Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Disaster Loan Corporation, Federal National Mortgage Association, Federal Home Loan Bank Board, Home Owners' Loan Corporation, Federal Savings and Loan Insurance Corporation, Federal Housing Administration, and Export-Import Bank of Washington. The Administrator may appoint such officers and employees and make such expenditures as may be necessary.

(d) *Administrative Funds.*—The Director of the Bureau of the Budget shall allocate to the Federal Loan Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies named in this section, such sums, and in such proportion, as he may find necessary for the administrative expenses of the Federal Loan Agency.

*NOTE:* The Reorganization Act of 1939 empowered the President to investigate the organization of the executive agencies of the government, and make recommendations for the transfer, consolidation or abolition of functions (see Items 41, 44 and notes, 1938 volume).

I submitted the foregoing plan to the Congress for its consideration. A concurrent resolution disapproving the plan failed of pas-

sage. Plan I became effective on July 1, 1939, in accordance with the terms of the Act and of Public Resolution 2, Seventy-sixth Congress.

As stated in the message accompanying the plan, it was designed to improve over-all management by reducing the number of agency heads with whom the President has to deal, and by equipping the executive office with more effective

## *66. Reorganization Plan No. I*

assistance. Further steps to effectuate the purposes of this plan were taken on September 8, 1939, by the issuance of Executive Order No. 8248 reorganizing the functions and duties of the Executive Office of the President (see Item 125 and note, this volume).

The administrative structure of the government has been greatly simplified as a result of the operation of Plan I. Under the system which existed prior to reorganization, I found it extremely burdensome to give adequate attention to the vast number of administrative agencies which reported directly to me. Since the adoption of the foregoing plan, many of these independent agencies have their interests much better represented and their problems more satisfactorily reported to me through department heads. In this way, their functions are also coordinated more closely with related activities.

The staff facilities provided for the Executive Office have been of invaluable assistance in enabling me to direct our governmental machine in a more effective and efficient fashion.

The promotion of social and economic security has become firmly established as one of the necessary functions of government, and it was deemed advisable to group all agencies dealing with these functions under a Federal Security Agency which would also be charged with the administration of the governmental activities pertain-

ing to the promotion of health and education.

In addition to contributing to the integrated planning of these activities, the establishment of the Federal Security Agency has aided in the furtherance of the defense program. The Federal Security Administrator holds the post of coordinator of all health, medical, welfare, nutrition, recreation, education and related activities affecting the national defense.

Many economies have resulted from the establishment of this new agency. A central budget office, which reviews and analyzes the estimates of the various bureaus, has made for more economical administration. For the fiscal year 1941, for example, the central budget office cut the administrative expense estimates by \$2,717,556 before they were submitted to the Bureau of the Budget, while a reduction of \$929,425 was effected for the fiscal year 1942. Likewise, economies have been realized through the centralization of mimeographing, photostating, and similar facilities.

A number of administrative economies have been achieved also through the establishment of the Federal Works Agency, as well as the more obvious contributions to greater efficiency and coordination. There are a number of instances which demonstrate the way in which this new Agency has speeded up the construction program of the organizations under its jurisdiction.

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For example, in one organization now under the Federal Works Agency, an average reduction of three months was obtained in the construction of two hundred projects. In August, 1939, extensions in contract time had been requested for these two hundred projects. But the action of the Federal Works Agency meant a saving in administrative costs of at least \$360,000, inasmuch as the cost of residence inspection and related administrative costs runs not less than \$600 a month per project for this type of undertaking.

The contacts made from the Office of the Administrator of the Federal Works Agency and the opportunities for regularly scheduling and expediting the construction work have reduced costs in many fields.

The United States Housing Authority has also benefited from the supervision of the Federal Works Agency, with the obligations for administrative expenses being brought down and a backlog of accumulated work being eliminated.

Pooling the office facilities has benefited the Federal Loan Agency organizations also, and many economies have been achieved at this point. The possibility of over-all supervision and coordination of the fiscal policies of the constituent lending organizations is now being studied by the Federal Loan Agency.

The Farm Credit Administration

and the Federal Farm Mortgage Corporation are now within the Department of Agriculture, and this has coordinated the working relationships among the numerous agencies engaged in agricultural credit and land use. There is a close connection between the use of the land and the financing of those who work it, and many beneficial results have accrued from the merger of agencies dealing with these two activities. Thus it is now possible for the Department of Agriculture to work out conservation plans for those farms owned by federal land banks. Moreover, the Farm Security Administration can now help farmers in debt to a federal land bank develop new plans of management which may assist them in meeting payments.

In the Great Plains area, many tracts of land are too small to support a farm family. Since reorganization, the federal land banks are now cooperating more closely with the Department of Agriculture in order to insure the sale of large units. Thus a permanent readjustment of agriculture is being worked out in this region.

The flood control program of the Department of Agriculture has also been furthered by the transfer, inasmuch as the land banks are now planning to stipulate in their loan agreements that land-use, flood control, and water conservation operations be maintained and extended.

### 67. *Address at Red Cross Convention*

As a result of Reorganization Plans I and II, reserves were established which indicated the monetary savings realized. The actual savings effected by the setting up of these reserves totaled \$10,885,135 as of June 30, 1940, for the agencies reorganized under Plans I and II.

For a further discussion of the historical background of adminis-

trative reorganization, the proposals of the President's Committee on Administrative Management, and the fight to have these proposals adopted, see Items 241 and 241A, 1936 volume; Items 41, 44 and notes, 1938 volume.

For a chart of the transfer of agencies under Plan I and Plan II see note to Item 77, this volume.

## 67 ¶ Address at the American Red Cross Convention. Washington, D.C. April 25, 1939

*Chairman Davis, Senior and Junior Delegates to the Red Cross Convention:*

IT GIVES me the greatest of pleasure to greet here, at the White House, this splendid American Red Cross assemblage, and to give assurance that no enterprise is nearer to my heart than the work carried on in behalf of all humanity by this superb organization.

As you know, I have had the honor of being the President of the Red Cross since 1933—but my interest in the work dates back to my active participation in the Red Cross in the trying days of the World War.

Chairman Davis has spoken of the relationship that the President of the United States bears to this organization. You may have guessed that in my relationship to a great many other organizations of the Government I am inclined to judge the efficiency of each of them by the amount of trouble that it gives to me; and, the more I hear of them and from them, the more I know that there is trouble. So, for the last six years I can say that my absence from the Red Cross meetings, my seeming inattention to Red Cross affairs, proves beyond doubt the constant efficiency of the Red Cross.

### 67. *Address at Red Cross Convention*

Although ours is a semi-governmental agency, it does draw support from the people as a whole. Designated by Congress as the official, volunteer humanitarian organization of the nation, with specific powers and responsibilities, the Red Cross operates with independence and impartiality. It is universal in its appeal to our citizens, because everyone is welcome in its membership; and it is impartial in conferring its benefits.

When there is disaster, every agency of the United States Government is directed to cooperate with the Red Cross. Government resources and man power play an important part in aiding and restoring physical damage in communities struck by calamities. But they can never replace the humanitarian handling of the problems of the individual which is the work of the Red Cross itself.

I am especially proud of the improvement that has come during the past few years under our late Chairman Admiral Grayson and our new Chairman, my old friend, Mr. Norman Davis. I refer particularly to the coordination and cooperation which has been worked out in times of disaster among the many agencies of the United States Government and the American Red Cross today.

In floods, in fires and in hurricanes, the system of pooling our resources has been brought to a very high state of efficiency.

In time of local or regional disaster, all agencies—those of the Federal Government, of State Governments and of county and municipal Governments—know exactly what to do and when to do it. They are organized for instantaneous action. And, as you know, that action proceeds smoothly and without duplication of effort under the direction of the American Red Cross itself. And I remember, when we first tried this out in the great Ohio flood, soon after I came to Washington, I took a rather keen pleasure in putting the Chief of Staff of the Army and the Chief of Operations of the Navy under the Red Cross.

Furthermore, after the emergency of human suffering is cared for, other Government agencies step in with the systems of the

### *67. Address at Red Cross Convention*

Red Cross to carry on the work of rehabilitation—physical work and financial aid.

I hope the people of the country realize the splendid efficiency of these joint efforts. There is no lost motion, there is no waste of emergency or relief funds—and I think that no country in all the world has reached the standards which the United States has achieved in this respect in the past few years.

The strength of our splendid organization is in its appeal to the tenderest sympathies of our people. It embraces in its membership all races and creeds and it knows no politics. There is nothing narrow or sectional about it. All of our people find unity in one great objective, the relief of human suffering.

Happily, too, the Red Cross appeals both to the older people and to our young people. Through the Junior Red Cross, nine million boys and girls are being brought up in the tradition of service to others. The foundation being laid for these boys and girls in the Junior Red Cross, which has for its motto "I serve," may well be an important factor in the future welfare of our nation.

In its fifty-eight years of existence, the American Red Cross has also been exceptionally generous and active in extending a helping hand to our distressed neighbors. Within the past twelve months, not only have our resources of money and our resources of volunteer help been strained to the utmost in meeting disaster relief needs, such as the New England hurricane where great loss of life and property was suffered—but in generous contributions to distressed civilians in China, in Spain, in aiding the refugees in France, and in Chile where earthquakes took an appalling toll of life and left thousands of injured to be cared for.

The spirit of the Red Cross does not wane. In a world disturbed by war and fear of war, the unselfish devotion of the Red Cross to the welfare of others stands out in striking contrast to inhumane acts which have shocked our conscience in so many instances.

Yes, the task before us is enormous. Our work, by reason of

### *68. Employment Week and Employment Sunday*

its very nature, is never done. Our work never can be done while human misery exists.

That work must go bravely on. You are carrying out, and you are improving on, a great tradition.

We shall not fail because we know that all of America has been with us, is with us, and is going to be with us in the days to come.

## 68 ¶ Employment Week and Employment Sunday. Proclamation No. 2331. April 26, 1939

AS INDUSTRY and business make substantial progress toward recovery there are ever-increasing employment opportunities for all groups. It is important to our social equilibrium that these opportunities be equitably shared, and that no group in the population shall feel itself discriminated against in hiring policies. It is particularly important that those men and women who have reached the age where their family responsibilities are at a peak receive their fair share of the new jobs, and are at least allowed to compete for these openings on the basis of their actual qualifications, freed from the handicap of an unfounded prejudice against age alone.

I am mindful of the fact that among those over forty years of age are a great body of our most experienced, able, and competent workers; that this group as a whole is not sharing as fully as other age groups in the employment revival; that many of those over forty have lost their jobs through no personal failing but because of circumstances over which they, and their employers, had no direct control; that among those over forty and still actively in the labor market are practically the entire group of World War veterans (whose average age is 46), a group that is surely entitled to look to our society for security and economic independence.

A committee of distinguished representatives of industry, labor, and the public has recently issued its report to the Sec-

### 69. *Interterritorial Freight Rates*

retary of Labor in which it analyzes the factual basis for the alleged prejudice against hiring middle-aged workers and finds no good reasons that would support the continuance of this prejudice.

In view of these considerations, I should like to ask employers throughout the country to give special consideration to this problem of the middle-aged worker, to review and re-examine their current policies in order to determine whether applicants who are over forty years of age are being given a fair opportunity to qualify for jobs, and to study their various departments and processes with a view to seeing where the qualifications and abilities of these older applicants could be utilized. I want to urge social agencies, labor organizations, and the general public to join in giving this problem their earnest consideration:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, do hereby declare the week beginning April 30, 1939, as Employment Week, and do hereby declare Sunday, April 30, 1939, as Employment Sunday, and urge all churches, civic organizations, Chambers of Commerce, veterans organizations, industry, labor, and the press, throughout the United States to observe that week and that Sunday as Employment Week and Employment Sunday to the end that interest in the welfare of the older workers may be stimulated and employment opportunity afforded them.

### 69 ¶ The President Transmits to the Congress a Supplemental Survey on the Interterritorial Freight Rate Problem. April 27, 1939

*To the Congress:*

HEREWITH I submit a survey entitled "Supplemental Phases of the Interterritorial Freight Rate Problem of the United States," which survey was conducted by the Board of Directors of the Tennessee Valley Authority, pursuant to Executive Order No.

### 69. *Interterritorial Freight Rates*

6161 (June 8, 1933), by which are delegated to it certain powers granted to me by sections 22 and 23 of the Tennessee Valley Authority Act of 1933.

I am, also, herewith submitting a letter from the Tennessee Valley Authority, dated the sixth day of February, 1939, forwarding the aforesaid survey to me, explaining its relation to the initial report on this subject submitted to the Congress on June 7, 1937, and published as House Document No. 264 (75th Cong., 1st sess.). This letter also restates the views of the Authority on the effects upon our national economy of the regional freight rate discrimination disclosed in the two reports, and urges the adoption of appropriate legislation to eliminate this discrimination.

I invite the attention of the Congress to the suggestion, contained in the Authority's letter, that the report, with its accompanying tables and charts, be published as an official document.

*NOTE:* The supplemental report transmitted by the foregoing message was a report prepared by the Tennessee Valley Authority, supplemental to its original report on the same subject, transmitted by me to the Congress on June 7, 1937 (see Item 68 and note attached, 1937 volume). This survey dealt with the effect of the horizontal rate increases of 1938 upon the freight rates of the South, and other raw materials regions. It also discussed the international phase of the problem as it affected freight rates between Eastern Canada and the United States, compared with

freight rates to the same part of the United States from the South and Southwest.

A number of bills and resolutions were introduced in the Congress to remedy the situation set forth in these surveys. In the Transportation Act of 1940, Public 785, 76th Congress, there was included a prohibition on discrimination in rates to "regions, districts, and territories." In the meantime, in mid-summer of 1939, the Interstate Commerce Commission undertook a thorough investigation of the classification of freight rates in all the area east of the Rocky Mountains.

70 ¶ The President Transmits to the Congress a Report on the National Highway Problems of the United States. April 27, 1939

*To the Congress:*

I TRANSMIT herewith a letter from the Secretary of Agriculture, concurred in by the Secretary of War, enclosing a report of the Bureau of Public Roads, United States Department of Agriculture, on the feasibility of a system of transcontinental toll roads and a master plan for free highway development.

The report, prepared at the request of the Congress, is the first complete assembly of data on the use being made of our national highway network. It points definitely to the corrective measures of greatest urgency and shows that existing improvements may be fully utilized in meeting ultimate highway needs.

It emphasizes the need of a special system of direct inter-regional highways, with all necessary connections through and around cities, designed to meet the requirements of the national defense and the needs of a growing peace-time traffic of longer range.

It shows that there is need for superhighways, but makes it clear that this need exists only where there is congestion on the existing roads, and mainly in metropolitan areas. Improved facilities, needed for the solution of city street congestion, are shown to occupy a fundamental place in the general replanning of the cities indicated as necessary in the report "Our Cities," issued in September, 1937, by the National Resources Committee.

The report also points definitely to difficulties of right-of-way acquisition as obstacles to a proper development of both rural highways and city streets, and makes important and useful recommendations for dealing with these difficulties.

I call the special attention of the Congress to the discussion of the principle of "excess-taking" of land for highways. I lay

## 70. *National Highway Problems*

great emphasis on this because by adopting the principle of "excess-taking" of land, the ultimate cost to the Government of a great national system of highways will be greatly reduced.

For instance, we all know that it is largely a matter of chance if a new highway is located through one man's land and misses another man's land a few miles away. Yet the man who, by good fortune, sells a narrow right of way for a new highway makes, in most cases, a handsome profit through the increase in value of all of the rest of his land. That represents an unearned increment of profit—a profit which comes to a mere handful of lucky citizens and which is denied to the vast majority.

Under the exercise of the principle of "excess-taking" of land, the Government, which puts up the cost of the highway, buys a wide strip on each side of the highway itself, uses it for the rental of concessions and sells it off over a period of years to home builders and others who wish to live near a main artery of travel. Thus the Government gets the unearned increment and reimburses itself in large part for the building of the road.

In its full discussion of the whole highway problem and the wealth of exact data it supplies, the report indicates the broad outlines of what might be regarded as a master plan for the development of all of the highway and street facilities of the nation.

I recommend the report for the consideration of the Congress as a basis for needed action to solve our highway problems.

*NOTE:* Between 1932 and 1938 many proposals had been made that the United States Government build one or more transcontinental highways for fast traffic, with four or more lanes without any cross traffic. Perhaps the most important reason for these proposals was the desire to provide a great public improvement which would furnish employment to citizens throughout the United States. Various plans

were suggested for financing such a project, including the charge of tolls, the issuance of bonds, and the imposition of various special taxes.

The Congress on June 8, 1938, instructed the Bureau of Public Roads to investigate and report its findings "with respect to the feasibility of building and cost of super highways not exceeding three in number, running in a general di-

## 71. *Work Relief Appropriations*

rection from the eastern to the western portion of the United States, and not exceeding three in number, running in a general direction from the northern to the southern portion of the United States, including the feasibility of a toll system on such roads."

The report was prepared, and was transmitted to the Congress by me with the foregoing message of April 27, 1939.

The important recommendations of the report are mentioned by me in the message. The report makes it clear that while the building of a transcontinental system of highways is entirely feasible from a physical standpoint, it would not

be even 50 per cent self-supporting if operated on the basis of tolls. This conclusion was based on detailed studies showing the cost of construction and maintenance, and the estimated tolls on the basis of existing and anticipated traffic.

While the report has been widely distributed and discussed, and will undoubtedly have an important influence on the formulation of future highway policies in general, its findings on the proposed transcontinental system of toll roads have apparently put an end to suggestions for each construction. Since the issuance of the report there has been very little public interest in a project of that kind.

## 71 ¶ Appropriations Are Requested to Provide Relief by Way of Work. April 27, 1939

*To the Congress:*

SIX YEARS ago this nation was confronted with a situation calling for rapid and decisive action. Millions of workers were already jobless; their number was increasing, and the economic structure was threatened with collapse. In this crisis the vast reserves of the Federal Government were promptly made available, and emergency assistance was provided for all classes of the population who were in distress.

Since that time we have moved along a broad front to make permanent provision to meet various phases of the problem of unemployment and need. The Social Security Act provides aid for the aged, the blind, and for dependent children. Unemployment compensation, intended to tide workers over from

### *71. Work Relief Appropriations*

one job to another, furnishes protection against short-term unemployment of the intermittent variety. Public works have employed many persons.

But there has been, and still is, a vast number of unemployed workers for whom some other protection must be provided.

It is very important to remember that the fundamental decision which was made in connection with the problem of providing for the needy able-bodied unemployed was whether provision should be made through the medium of work or a dole. I have on numerous occasions expressed my conviction that the proper solution was work, but I desire to take this opportunity to reaffirm my conviction in that regard.

In fact, for six years it has been the definite national policy to give work to the needy unemployed who are able to work instead of handing out charity to them in the form of food.

It is admitted that the cost per individual of a work program is higher than that of a dole. However, I firmly believe that the advantages which accrue from the maintenance of the morale and self-respect of the worker and the creation of permanent public assets fully justify this increased cost, and that the adoption of the dole as the solution of this problem would be disastrous.

When those who talk glibly and without much information about cutting the cost of relief are pinned down to facts, they are obliged to admit that they can offer only two alternative plans—to cut down the number of needy persons receiving relief or to cut the per capita work payments, or, in other words, make a definite beginning towards the substitution of a dole for work.

It is these same individuals who, picking out a handful of instances in the administration of a huge undertaking, seek to delude the people of this country into the belief that the minor exception is the rule. Let any one of these critics undertake the job of administration himself. That is a challenge which will be avoided but not answered.

There is wide discussion at the present time of various pro-

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posals for handling unemployment relief through a system of grants of Federal funds to States with various matching requirements. I believe that such a system has as many disadvantages as there are local political units in the nation. If grants to States are used for direct relief, we have all the disadvantageous features of the dole which I have previously described. If, on the other hand, such grants are to be used to finance locally conducted work programs, inefficiency and confusion through lack of coordination and uniformity are bound to result. Under either the dole or local work programs the administrative cost will inevitably be much larger than under a Federally operated work program.

Furthermore, I am of the opinion that the adoption of a system of direct grants of Federal funds to States would result in the creation of pressure groups striving to increase the amount of such grants, which would bring about a demand for increased appropriations which both the present Congress and future Congresses would find it extremely difficult to resist.

In my message of April 14, 1938, I recommended to the Congress a series of measures designed to check the deflationary processes and the failure of consumers' demand which were occurring at that time. Since the adoption by the Congress of the recovery program outlined in that message, the index of industrial production has increased more than one-quarter. The national income, which amounted to \$62,000,000,000 in 1938, is now running at a rate which should increase it to \$67,000,000,000 in 1939. This I regard as all-important, because as stated in my message of last April, I believe that if the national income can be increased to \$80,000,000,000 our whole economic picture will greatly improve and the problem of unemployment will become much less acute. However, I wish to repeat what I said at that time: I do not believe that this increase in national income can be brought about solely by the expenditure of public funds for relief and recovery purposes.

From the standpoint of private employment, the economic situation has greatly improved. Employment declined steadily

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and drastically from 1929 to 1932. Improvement began in 1933, and by the early fall of 1937 almost 10,000,000 more persons had jobs than were employed during the month when this Administration took office. Average non-agricultural employment during 1937 was within 1,000,000 of the annual average for 1929. After a temporary setback last year, we are now regaining the lost ground. There is every reason to believe that average employment during 1939 will be well in excess of that for 1938. I wish to stress the point that when the situation is viewed in terms of employment, the losses sustained from 1929 to 1932 had practically been wiped out by 1937.

We have found, however, that in spite of substantial recovery as indicated by the amount of employment, the volume of unemployment continues at high levels. This is due in large measure to two factors. The first of these is that the net increase in the labor supply, due to the growth of the working population, is in excess of 500,000 workers annually.

The second prime factor in this picture is the increasing output of the individual worker. At the recovery peak in 1937, when industrial production was at approximately the 1929 level, there were still about 8,000,000 unemployed. From this and subsequent experience, it is apparent that comparatively high levels of production mean substantially less employment than formerly.

In any consideration of the problem of unemployment relief it must be borne in mind that the program adopted to meet it must be envisioned to extend over a considerable period of time. The reason for this is that this nation, in common with the entire world, is undergoing a process of readjustment, particularly in connection with the production and distribution of goods. Until our economic machinery can be realigned to meet present-day conditions the problem of unemployment will persist and the measures adopted to deal with it must, therefore, be carefully thought out and their operation planned to extend well into the future.

In determining the number of persons for whom work on a Federal program should be provided, it is necessary to consider

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the number of needy able-bodied unemployed. The total unemployment estimates for the nation run to very large totals, but it must be remembered that these totals cover all persons who desire a job and include many who do not actually have to have a job. In other words, there are in all the unemployment estimates large numbers of persons who can sustain themselves either by reason of private resources or because they can be supported within the family group to which they belong. It is, of course, to be desired that industry should expand to such a degree as to provide employment for all who desire it, but in meeting the problem of need within the limits of the funds which can reasonably be made available for the purpose, the emphasis must necessarily be placed upon the number of unemployed individuals who are actually in need of wages in order to secure the necessities of life.

For the current fiscal year, the Congress has provided for the Works Progress Administration appropriations totaling approximately \$2,250,000,000. With these funds the Works Progress Administration has provided employment for a maximum of 3,350,000 persons and is currently employing approximately 2,800,000. The average employment provided for the fiscal year will be approximately 3,000,000 persons.

In my Budget message of January 3, 1939, I stated that "Supplemental estimates of appropriations will be submitted to meet the requirements of the Works Progress Administration, the National Youth Administration and the Farm Security Administration for the fiscal year 1940," and that \$1,750,000,000 was the amount estimated for expenditure by these three agencies. I feel that this amount plus such balances of the appropriation for the current year as remained unobligated on June 30, 1939, should cover not only all obligations to be incurred by these agencies during the fiscal year 1940 but the necessary administrative expenses connected therewith which may be incurred by the General Accounting Office, the Civil Aeronautics Authority, the Treasury, and the U.S. Employees' Compensation Commission, including compensation payments.

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For the fiscal year 1940, I recommend, therefore, that the specific sum of \$1,477,000,000 be provided for the Works Progress Administration together with any balances of the appropriation for the current year which may remain unobligated on June 30, 1939. This represents a reduction of one-third below the amount provided in the current fiscal year and will permit the employment of slightly more than an average of 2,000,000 persons during the twelve months beginning June 1, 1939. Barring unforeseen and unpredictable developments, we are justified in expecting an upward trend in the volume of employment between now and June 30, 1940, and the sum just named represents my judgment as to the amount that should be provided on the basis of that expectation.

After a review of the accomplishments of jobless workers employed on Works Progress Administration projects, I am impressed with what can be achieved through a program that not only provides jobs for distressed workers but also stimulates purchasing power and tends to induce further recovery. I commend to your attention the miles of roads and streets that have been built, the number of bridges and public buildings that have been constructed, and the worth-while accomplishments in the fields of education, recreation, sanitation and health, and conservation and flood control. Notwithstanding these accomplishments there is a vast amount of worth-while work remaining to be done. Expenditures in these fields represent permanent, tangible additions to our national wealth.

It is my opinion that the operations of the Works Progress Administration during the next fiscal year should be carried on much as at present but with the reduction that will be possible because of expected increases in private employment and a consequent decline in the need for work relief. Organizational changes which I expect to be made under the authority granted in the recent Reorganization Act will, I anticipate, make possible important economies resulting from the coordination of the operations of various Federal agencies which are engaged in the carrying out of projects.

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I wish to state with emphasis, since the opposite view is frequently expressed, that the program of the Works Progress Administration should, as at present, include some projects of the non-construction type to meet the needs of those unemployed workers whose training is such that they are not adapted to employment on construction projects. The provision of work for those people at occupations which will conserve their skills is of prime importance, and the emphasis placed upon construction projects should not obscure the necessity for this portion of the program.

A Committee of the House of Representatives, under the authority of an enabling Resolution, is now conducting an investigation of the Works Progress Administration. I sincerely hope that this investigation will be guided along constructive lines, and if this is done I feel sure that its outcome will be to demonstrate the wisdom of the measures which have been adopted to meet the needs of the unemployed. In discussions of the projects of the Works Progress Administration there is a tendency to enlarge upon criticism of a few isolated projects to an extent which obscures the real character and value of the program as a whole. In an undertaking of this size there are inevitably individual instances which may be subject to criticism, but when the criticism of a very small fraction of the work being carried on is magnified to such an extent as to obscure the great good that is being achieved on the whole, all sense of proportion and relative value is lost.

In my message to the Congress of January 5, 1939, I suggested that a study be made of the methods by which funds appropriated to the Works Progress Administration should be distributed. Any formula that may be devised for this purpose and written into legislation should take in account not only the factor of population, but also the constantly changing economic and unemployment conditions in various sections of the country. Allocations should be made on the basis of jobs to be provided and not on the local basis of funds to be distributed. Further-

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more, the formula should not be too rigid and should permit a substantial amount of administrative discretion in order to provide sufficient flexibility to meet special situations and relief crises.

The matter of the contributions of sponsors to Works Progress Administration projects has been satisfactorily covered by the provisions of the Emergency Relief Appropriation Act of 1938, which placed a limit upon the amount of Federal funds that can be used for purposes other than the payment of wages. I suggest a continuation of this practice rather than the imposition of a percentage basis on which sponsors would be required to participate. With an appropriation made available for an entire fiscal year, negotiations with sponsors can be conducted upon a much more satisfactory basis, and it can be confidently expected that the proportion of sponsors' contributions will be appreciably increased. The complications which have arisen during the current fiscal year from the fact that three separate appropriations have been made to finance the operations of the Works Progress Administration have militated against efficiency of operation and made it difficult to secure the fullest financial participation of sponsors on projects.

The Congress has recently made provisions against improper political activity on the part of persons connected with the work relief program — provisions affecting not only Federal employees, but all persons who may be in a position to bring improper pressure to bear. Such legislation was recommended in my message of January 5, 1939, and has my hearty endorsement. However, in so far as the administrative employees of the Works Progress Administration and of the other agencies connected with the work relief program are concerned, I believe that the political provisions just mentioned would be more constructive, and their enforcement would be simpler, if the Congress would place such employees within the classified civil service.

The greatest single resource of this country is its youth, and no progressive Government can afford to ignore the needs of its

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future citizens for adequate schooling and for that useful work which establishes them as a part of its economy. To ignore this need is to undermine the very basis of democracy which requires the constant renewal of its vitality through the absorption of its young people.

The National Youth Administration, as an entity now within the Works Progress Administration, has during the past four years developed a program which has proved its effectiveness in meeting this need. Its program is primarily one of work: work to enable needy students to secure an education, and work to enable unemployed needy young people who are out of school to make use of their capacities for public benefit and so in turn to earn a wage and acquire that work experience so essential to future effective employment. The National Youth Administration has supplemented its work program with other services directed toward increasing the effectiveness of young people as workers and securing their placement in regular employment.

It is my belief that we should now give official recognition to the fact that the needs of youth are different from those of unemployed older workers. I further believe that, based on the demonstrated ability of its program to meet these needs at low cost, and our knowledge of the wide and still unmet need among young people for its services, Congress should provide for an expansion of its activities.

For the National Youth Administration I am requesting an appropriation of \$123,000,000, for the fiscal year 1940 together with the unobligated balances on June 30, 1939, of the appropriation to that Administration for the current fiscal year.

I am requesting further that the National Youth Administration be established as a separate agency to continue and expand its program for assisting needy young people. This will not increase existing overhead.

While the amount which I am recommending will not meet all the needs of all our young people, it will mean that education, training, work experience, and help toward private employment

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can be extended to many needy young people who are now eagerly waiting to take their place in our society as responsible workers and citizens.

It has been the function of the Farm Security Administration to provide assistance for hundreds of thousands of destitute and low income farm families through supervised loans and guidance in sound farming practices, through adjustment of farmers' debts, and, where necessary, by direct subsistence grants. This program has kept thousands of farmers off relief and has enabled them, largely through their own efforts, to become self-supporting American citizens and to assume their rightful place in rural life. Aside from the further development of camps for migratory farm laborers, construction under the resettlement program will have been completed by the close of the current fiscal year, although in a few instances it may be necessary to provide funds for land development work.

For the foregoing activities of the Farm Security Administration, I recommend an appropriation of \$123,000,000 for the fiscal year 1940, together with such balances of the current appropriation as may remain unobligated on June 30, 1939.

Owing to the language of the Emergency Relief Appropriation Acts, for the last two years it has been necessary to use funds allocated to or appropriated to the Department of Agriculture to provide for relief for Indians which come under jurisdiction of the Department of the Interior. I feel that it would be preferable to have these funds appropriated directly to the Department primarily responsible for the welfare of the Indians.

In view of the foregoing I recommend an appropriation of \$1,350,000 for the Indian Service for the fiscal year 1940 to be available for the continuation of Indian rehabilitation and relief projects including necessary administrative expenses.

For the following agencies for administrative expenses incident to carrying out the purposes for which the foregoing appropriations have been requested I recommend the amounts indicated:

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(1) Civil Aeronautics Authority	\$ 250,000
(2) General Accounting Office	5,225,000
(3) Treasury Department	
(a) Procurement Division	\$5,200,000
(b) Division of Disbursements	2,500,000
(c) Office of the Treasurer	675,000
(d) Secret Service	250,000
(e) Division of Accounts and Deposits	6,000,000
(f) Public Health Service	300,000
	14,925,000
(4) U. S. Employees' Compensation Commission	5,250,000

The funds recommended for appropriation to the U.S. Employees' Compensation Commission are sufficient to provide for the reimbursement of Federal hospitals for hospitalization of persons paid from relief appropriations in the same manner as they are now reimbursed for the hospitalization of other Federal employees paid from regular appropriations. I feel that the necessary authority to make such payments should be included in this year's legislation.

I request also that in connection with the foregoing appropriations, as in the past, provision be made to continue the work of the National Emergency Council, the National Resources Committee, and the rural rehabilitation program of the Puerto Rico Reconstruction Administration. For this purpose I recommend the following appropriations for the fiscal year 1940:

(1) National Emergency Council	\$ 1,500,000
(2) National Resources Committee	990,000
(3) Puerto Rico Reconstruction Administration	10,000,000

In order that the agencies concerned may have an opportunity to formulate definite plans for the next fiscal year it is desirable that the necessary legislation be enacted at as early a date as possible and that the funds be made available on the passage of this legislation.

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It may be of interest to the Congress to know that through the Department of State we have received many assertions that there are few unemployed persons in the nations which have accepted totalitarian forms of Government.

In those nations private employment takes care of a smaller proportion of their employable citizens than private employment does in the United States.

This means that government employment is responsible for the care of a larger portion of the employable population than in this country—creating in fact a Government employment system, based in great part on the manufacture of munitions, which costs far more than our system.

The principal difference is that in the nations to which I refer, this employment is called employment, whereas in the United States it is called relief.

Actually, our system of work relief is relatively far cheaper than the other method and as at present constituted does take care of the great majority of the needy unemployed who are able to work.

I trust that the people will not be deceived by the terminology and will not assume that the totalitarian methods of Government are more effective than our own.

The system which we have favored in the United States during the past six years is by no means perfect. It can be improved but not at the expense of substituting the dole for work relief nor by turning the management of works projects back to the sole care of the many thousands of local Governments. It will be said by history, after much political smoke has cleared away, that the Federal Government's handling of work relief has been one of our most efficient administrative accomplishments.

*NOTE:* The foregoing message contained my recommendations for appropriations for the fiscal year ending June 30, 1940, for the Works Progress Administration, National Youth Administration, Farm Security Administration, and other related agencies. It also reiterated my views as to the desirability and necessity of work relief as distinguished from a dole, as a means of help to the needy unemployed (see

## *71. Work Relief Appropriations*

also note to Item 75, 1933 volume; Item 48 and note, 1935 volume; Item 178, 1936 volume).

Following the recession which began in the fall of 1937, the volume of unemployment during the fiscal year commencing July 1, 1938, had been greater than in any year since 1933 (see Item 49, 1938 volume).

By the time of the foregoing message, however, substantial gains had been made in employment. My recommendations were, therefore, predicated on the assumption that there would be rapid improvement in private employment, and that, as a result, the WPA program could be reduced during the fiscal year commencing July 1, 1939, by about one-third as compared with the preceding fiscal year.

Accordingly, I requested an appropriation of \$1,477,000,000 for the WPA for the next fiscal year.

At this time there had been much debate, both in the Congress and out of the Congress, with respect to the whole WPA program.

Earlier in 1939 I had requested deficiency appropriations in order to prevent drastic reductions in the relief rolls during the balance of the fiscal year, which would end June 30, 1939 (see Items 5, 27, and 42, this volume). Debate on these appropriations brought about many attacks in the Congress on the WPA program. These attacks were designed either to curtail or completely to stop the work program, and to substitute therefor a

dole or a program of direct relief in the form of cash payments without any work.

In my message of April 27, I discussed some of these attacks, as well as the general principles which made work relief so much preferable to cash dole.

Although the cost per person of a dole is less than the wage paid by WPA to a person for working, the advantages in morale and self-respect of the worker, and the value of the public works constructed, have justified this increased cost. That has been our national policy since the commencement of WPA.

It is unavoidable that in the huge undertaking of providing work for unemployed citizens, and in the expenditure of billions of dollars for that purpose, there should be isolated instances of mistakes, bad administration, even dishonesty. But I am convinced that, compared with large business enterprises, none of which is near in size to the WPA program, there has been a smaller percentage of such instances in the WPA program than in private business.

At the time of my message, there had been various proposals made to change the method of unemployment relief, one of which was to distribute the funds to the states to be administered by them. This would have resulted either in a local dole, or in locally conducted work programs. Another proposal was to require one-third of the cost in all events to be borne by the

## *71. Work Relief Appropriations*

states. These proposals were all discussed by me in this message.

One of the usual grounds of attack was that of alleged political activity on the part of WPA employees. In my message of January 5, 1939 (Item 5, this volume), I recommended the enactment of penalties by the Congress for such misconduct. Pursuant to my recommendation, such penalties were adopted in Public Resolution No. 1, 76th Congress, 1st Session, February 4, 1939 (53 Stat. 507).

Furthermore, in the above message of April 27, 1939, I recommended that the Congress adopt legislation placing the administrative employees of WPA, and of the other agencies connected with the work relief program, within the classified Civil Service.

Following my aforesaid message, the legislation pending in the Congress to make grants of money to states instead of continuing the policy of the WPA was defeated, as were the various bills to substitute a dole for work relief.

However, although I had recommended that all the non-construction projects of WPA be continued in order to help the white collar employee, the Congress abolished the WPA theater project (see Item 90, this volume).

The Congress did not accept my recommendation to place WPA administrative employees within the classified Civil Service; nor my recommendation as to the method of apportioning WPA funds among the projects within the respective states.

The appropriation which I recommended for WPA was adopted, and as a result we were able to provide employment for an average of two million workers during the fiscal year ending June 30, 1940. This was a reduction of approximately one-third from the preceding year.

The bill which was finally passed (Emergency Relief Appropriation Act of 1939) was not adopted until June 30, 1939, the very last day before the commencement of the new fiscal year.

There were four specific provisions in the bill to which I definitely objected, but I could not withhold my signature to the bill, for if I had, work relief for the needy unemployed would have stopped the next day.

I called attention to this fact and to the objectionable features of the bill, in a statement issued when I signed it on June 30, 1939, which is printed as Item 90 of this volume.

72 ¶ Further Appropriations Are Requested for National Defense. April 29, 1939

*The Speaker of the House of Representatives:*

I HAVE the honor to transmit herewith for the consideration of Congress thirty-two supplemental estimates of appropriation for the War Department, for the fiscal years 1939 and 1940, totaling \$185,440,000, of which \$2,500,000 is to remain available until June 30, 1941, and \$46,600,000 is to remain available until expended. In addition, these estimates provide for the granting of contract authorizations aggregating \$64,560,000.

These estimates are for the purpose of carrying out the recommendations contained in my message to Congress of January 12, 1939, as subsequently embodied in the act of April 3, 1939, for an emergency program for the expansion of the Army Air Corps; and I trust that the Congress will expedite its action thereon.

The details of these supplemental estimates of appropriations, the necessity therefor, and the reasons for their transmission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations I concur.

Respectfully,

(For further discussion of national defense, see Introduction and note to Item 48, 1940 volume; and references cited in Topical Table, 1937 volume.)

## 73 ¶ The President Opens the New York World's Fair. April 30, 1939

*Governor Lehman, Mayor LaGuardia, President Grover Whalen,  
Ladies and Gentlemen:*

I HAVE seen only a small fraction of the Fair; but even from the little I have seen, I am able to congratulate all of you who conceived and planned the Fair and all you men and women who built it.

From henceforth in our history the thirtieth day of April will have a dual significance: the Inauguration of the First President of the United States, which began the Executive Branch of the Federal Government, and the opening of the New York World's Fair of 1939.

Today, also, the cycle of sesquicentennial commemorations is complete. Two years ago, in Philadelphia and other communities, was celebrated the Constitutional Convention of 1787, which gave to us the form of Government under which we have lived ever since. Last year was celebrated in many States the ratification of the Constitution by the Original Thirteen States. On March fourth of this year the first meeting of the First Congress was commemorated at a distinguished gathering in the House of Representatives in the National Capitol. And two weeks ago, on April fourteenth, I went to Mount Vernon with the Cabinet in memory of that day, exactly one hundred and fifty years before, when General Washington was formally notified of his election as President.

As you remember, two days later he left that home he loved so well and proceeded by easy stages to New York, greeted with triumphal arches and flower-strewn streets in the large communities through which he passed on his way to this city. Fortunately, there have been preserved for us many generations later, accounts of his taking of the oath of office on April thirtieth on the balcony of the old Federal Hall. In a scene of republican simplicity and surrounded by the great men of the time, most

### 73. *Opening of New York World's Fair*

of whom had served with him in the cause of independence through the Revolution, the oath was administered to him by the Chancellor of the State of New York, Robert R. Livingston. And so we, in New York, have a very personal connection with that thirtieth of April, one hundred and fifty years ago.

The permanent Government of the United States had become a fact. The period of Revolution and the critical days that followed were over. The long future lay ahead.

In the framework of Government which had been devised, and in the early years of its administration, it is of enormous significance to us today that those early leaders successfully planned for such use of the Constitution as would fit it to a constantly expanding nation. That the original framework was capable of expansion from its application to thirteen states with less than four million people, to its newer application to forty-eight states with more than one hundred and thirty million people, is the best tribute to the vision of the Fathers. In this it stands unique in the whole history of the world, for no other form of Government has remained unchanged so long and seen, at the same time, any comparable expansion of population or of area.

It is significant that the astounding changes and advances in almost every phase of human life have made necessary so relatively few changes in the Constitution itself. All of the earlier Amendments may be accepted by us as a part of the original Constitution because that sacred Bill of Rights, which guaranteed and has maintained personal liberty through freedom of speech, freedom of the press, freedom of religion and freedom of assembly, was already popularly accepted by the inhabitants of thirteen states while the Constitution itself was in the process of ratification.

There followed the Amendments which put an end to the practice of human slavery, and a number of later Amendments which made our practice of Government more direct, including the extension of the franchise to the women of the nation. And we remember also that the only restrictive Amendment which

### 73. *Opening of New York World's Fair*

deliberately took away one form of wholly personal liberty was, after a trial, an unhappy trial, of a few years, overwhelmingly repealed.

Once only has the permanence of the Constitution been threatened. It was threatened by an internal war brought about principally by the very fact of the expansion of American civilization across the Continent—a threat which resulted eventually and happily in a closer union than ever before.

And of these later years—these very recent years—the history books of the next generation will set it forth that sectionalism and regional jealousies diminished, and that the people of every part of our land acquired a national solidarity of economic and social thought such as had never been seen before.

That this has been accomplished, that it has been done, has been due first to our form of Government itself, and, secondly, to a spirit of wise tolerance which, with few exceptions, has been our American rule. We in the United States, and, indeed, in all the Americas, North America, Central America and South America, remember that our population stems from many races and kindreds and tongues. Often, I think, we Americans offer up a silent prayer that on the Continent of Europe, from which the American hemisphere was principally colonized, the years to come will break down many barriers to intercourse between nations—barriers which may be historic, but which so greatly, through the centuries, have led to strife and have hindered friendship and normal intercourse.

The United States stands today as a completely homogeneous nation, similar in its civilization from Coast to Coast and from North to South, united in a common purpose to work for the greatest good of the greatest number, united in the desire to move forward to better things in the use of its great resources of nature and its even greater resources of intelligent, educated manhood and womanhood, and united in its desire to encourage peace and good will among all the nations of the earth.

Born of that unity of purpose, that knowledge of strength, that singleness of ideal, two great Expositions, one at each end

### *73. Opening of New York World's Fair*

of our Continent, mark this year in which we live. And it is fitting that they commemorate the One Hundred and Fiftieth Anniversary of the birth of our permanent Government.

Opened two months ago, the Exposition on the magic island in San Francisco Bay presents to visitors from all the world a view of the amazing development of our own Far West and of our neighbors of the American Continent and the nations of the Pacific and its Isles.

Here at the New York World's Fair of 1939 many nations are also represented — indeed most of the nations of the world — and the theme is "The World of Tomorrow."

This general, and I might almost say spontaneous, participation by other countries is a gesture of friendship and good will toward the United States for which I render most grateful thanks. It is not through the physical exhibits alone that this gesture has manifested itself. The magic of modern communications makes possible a continuing participation by word of mouth itself. Already, on Sunday afternoon radio programs, no fewer than seventeen foreign nations have shown their good will to this country since the first of January this year.

In many instances the Chiefs of State in the countries taking part in the programs have spoken, and in every case the principal speaker has extended greetings to the President of the United States. And so in this place and at this time, as we open the New York World's Fair, I desire to thank all of them and to assure them that we, as a nation, heartily reciprocate all of their cordial sentiments.

All who come to this World's Fair in New York and to the Exposition in San Francisco will, I need not tell them, receive the heartiest of welcomes. They will find that the eyes of the United States are fixed on the future. Yes, our wagon is still hitched to a star.

But it is a star of friendship, a star of progress for mankind, a star of greater happiness and less hardship, a star of international good will, and, above all, a star of peace.

#### 74. *Dedication of Rhinebeck Post Office*

May the months to come carry us forward in the rays of that eternal hope.

And so, my friends, the time has come for me to announce with solemnity, perhaps, but with great happiness, a fact: I hereby dedicate the New York World's Fair of 1939, and I declare it open to all mankind.

### 74 ¶ Address at the Dedication of the New Post Office in Rhinebeck, New York. May 1, 1939

*Your Royal Highnesses, Mr. Secretary, Mr. Postmaster General, You My Old Friends and My Neighbors of Rhinebeck:*

HALF A CENTURY ago—I do not feel that it was that long—a small boy was often driven through the town of Rhinebeck by his father and mother to visit his great-uncle and aunt at their home south of Barrytown. On those drives up the Post Road, which, as I remember, were always either dusty or muddy, he passed a number of old stone houses, most of them with long, sloping roofs; and he was told that they had been built by the early settlers nearly two centuries before.

Then, as I grew older, I came to know something of the history of these river towns of Dutchess County, and to develop a great liking for the stone architecture which was indigenous to the Hudson Valley.

We call it by the generic name of “early Dutch Colonial” even though some of the houses, as in this neighborhood, were built by German settlers from the Palatinate.

Because through one line of my ancestry I am descended from the early Beekmans who settled Rhinebeck, and because on the Roosevelt side my great-great-grandfather lived in Rhinebeck for some time during the period of the Revolution and was not only a member of the State Senate, as his great-great-grandson was, but also a member of the Dutchess County Militia, I

#### 74. *Dedication of Rhinebeck Post Office*

have a claim to kinship with this town that is second only to the town of Hyde Park.

And, by the way, the Postmaster General will, I think, sustain me if I pin a medal on myself. Two years ago, under the Congressional appropriation, one Post Office was allocated to Dutchess County. The Postmaster General asked me if I did not want the new building located in the village of Hyde Park, where we most certainly need a Post Office building. But I told him that Rhinebeck was in equal need of one and that because Rhinebeck was twice the size of Hyde Park, it should be served first. I gave notice, however, that time that my unselfishness was coming to a limit, and that if I got another chance to choose a Dutchess County site, my own townspeople's complaint would receive sympathetic attention. And so, I am hereby putting him on notice that if we are to get any more money from Congress for Dutchess County, the Postmaster General and the Secretary of the Treasury, if they want to keep their jobs, must locate it in Hyde Park.

You all know the inspiration for the design of the building which we are dedicating today. Fortunately, I am old enough to remember the old house on the River Road in which were entertained so many famous men before, during, and after the Revolutionary War. That we have been able to copy the original part of it is a fortunate thing; and we are grateful, too, that we have been able to incorporate much of the stone in the original Beekman house in the front walls of this Post Office. Soon, too, the old cornerstone will be on display in the lobby, together with the famous pane of glass which has been given by Mrs. Suckley and which was rescued from the fire by Colonel John Jacob Astor.

Furthermore, within a short time, a most interesting painting, a frieze around the inside of the lobby, painted by Mr. Olin Dows, is going to grace this building.

It is, I think, an interesting fact that during the past few years the Government, in the designing of Post Office buildings, has been getting away from the sameness of pattern which char-

#### 74. *Dedication of Rhinebeck Post Office*

acterized the past. I am glad that the Secretary of the Treasury has described to you the method by which new Government buildings are being designed. The Procurement Division of the Treasury has sought to diversify design so that our newer Post Offices all over the country will not look, as they did before, as though they had been turned out by the dozen.

We are seeking to follow the type of architecture which is good in the sense that it does not of necessity follow the whims of the moment but seeks an artistry that ought to be good, as far as we can tell, for all time to come. And we are trying to adapt the design to the historical background of the locality and to use, insofar as possible, the materials which are indigenous to the locality itself. Hence, fieldstone for Dutchess County. Hence, the efforts during the past few years in Federal buildings in the Hudson River Valley to use fieldstone and to copy the early Dutch architecture which was so essentially sound besides being very attractive to the eye.

May I make a suggestion to you, my neighbors of Rhinebeck? At this very historic crossroads of the village we now have the new Post Office, the nation-wide famous Beekman Arms Inn, and just beyond it on the northwest corner that fine old stone building, so substantially built that it will last for all time to come. As time goes on, some of the other buildings on the other side of the street and on this side may have to be replaced by new buildings. Now, these buildings are substantial enough but they are set rather close to the street and represent a style of architecture that is not being copied much today, a style that was followed by architects for years but one which we now rather smile at as we label it Victorian.

And so, when replacements are made, I hope that the new buildings may be set back by — what shall we say? — not by law but by community opinion, set back so that you in Rhinebeck will have what, in effect, will be a large open square, admired for its beauty by the many thousands who pass this way.

A happy coincidence brings to us today a unique opportunity. The cornerstone at Rhinebeck's new Post Office is about to

### 75. *Settlement of Coal Wage Dispute Urged*

be laid as a part of this ceremony of dedication. The Post Office has been built by the Secretary of the Treasury, who is with us. It has been turned over to the Postmaster General, who will use it and who is also with us. Their Royal Highnesses, the Crown Prince and Crown Princess of Denmark and Iceland have come to us, having voyaged from Denmark through the Panama Canal to San Francisco and back across the Continent. They have, I am glad to say, had an opportunity to see a large part of the United States and I need not tell them that they are very welcome.

In a minute I shall present them to you, but in the meantime I am glad to tell you that His Royal Highness, the Crown Prince, has graciously consented to wield the trowel and formally lay the cornerstone of this building of which we are all so proud.

During all the years to come—during the long life, in spite of what the Postmaster General says, which lies ahead of our new Post Office—generations which will live here will always remember that the cornerstone was laid by our distinguished guest.

And so I present to you Their Royal Highnesses, the Crown Prince and the Crown Princess of Denmark and Iceland. (*Prolonged applause*)

The Crown Prince used the trowel on the cornerstone and, upon the completion of this ceremony, the President said:

I now announce this very historic cornerstone has been well and truly laid and also that His Royal Highness is an honorary member of the Union, in good standing.

## 75 ¶ The President Urges Settlement of the Coal Wage Dispute. May 6, 1939

THE SECRETARY of Labor has reported to me that your committee has been deadlocked on the question of negotiating a new wage agreement. The differences in viewpoint of representatives of workers and operators appear not to be insurmountable and

## 76. *Interview on Government Reporting to People*

the orderly process of collective bargaining should suffice to bring about their adjustment.

Because of this, I urge that the present negotiations with the Federal Commissioner continue and that all sit down with the intention to reach a fair, honorable and workable agreement in a spirit of give and take. Time is now important and agreement must be reached promptly.

It is in the public interest as well as your own that you arrive at such an adjustment. The public interest is paramount and above that of any group. As President of the United States, I caution the negotiators on both sides to keep this in mind and continue negotiations until a speedy settlement is made in justice to the two groups in conference and to the American people.

*NOTE:* The agreement between the operators in the bituminous coal industry and the United Mine Workers which had been entered into in 1937 was due to expire March 31, 1939. Pursuant to practice, the contracting parties met in New York, March 8, to draft the basis for a new agreement. Negotiations continued; but by May 1 very little progress had been made. By May 4 an impasse had been reached, and negotiations were about to break off finally.

Realizing the seriousness of the situation and the likelihood of a coal shortage, I sent the foregoing

telegram on May 5, 1939, urging that negotiations continue.

As a result of the telegram, negotiations did continue; and on May 9, 1939, I met the committees of both parties in Washington and had a conference with them.

On May 10, the agreement was renewed with the additional provisions that the United Mine Workers should be the exclusive bargaining agency for the employees, and that the policy of the union shop should be adopted.

On the general subject of the administration policy toward strikes, see note to Item 72, 1937 volume.

## 76 ¶ A Radio Interview on the Government Reporting Factually to the People. May 9, 1939

LOWELL MELLETT [Executive Director of the National Emergency Council]: Mr. President, it is the purpose of the National Emergency Council, through the generous co-

*76. Interview on Government Reporting to People*

operation of broadcasting stations in all the States, to present reports by the members of your cabinet regarding the work of their respective departments. The first of these reports will be made by Secretary Hull next week when he will discuss the work of the Department of State.

Since this program is being arranged at your direction, we are asking you to make the opening announcement. The United States Government Manual, published by my department—price \$1.75—no more to you than to any other citizen, Mr. President—carries this foreword over your signature: (I quote): “Only through a clear understanding by every citizen of the objectives, organization and availability of the Government agencies can they render truly effective service and assure progress toward economic security.” That, I presume, sums up the reasons for these broadcasts, but you are asked now to elaborate the theory behind them and, if you can, to say all that again in shorter words.

THE PRESIDENT: I can say it in different words and, if not shorter, better words, the words of George Washington. In his farewell address to the people of the United States, he said: “Promote then as an object of primary importance, institutions for the general diffusion of knowledge. . . . In proportion as the structure of a Government gives force to public opinion, it is essential that public opinion be enlightened.”

The course thus charted by our first President has been followed consistently since his time. Institutions for the general diffusion of knowledge have been promoted in many ways. The Government—Federal, State and local—has built schools, supported them financially and aided them in their efforts to make America a nation of educated people.

The other most important institution for the diffusion of knowledge during the greater part of this period has been the press. The Government's relation to the press has been different from its relation to the schools. Aside from some financial assistance, in the form of less-than-cost postal rates.

## *76. Interview on Government Reporting to People*

the Government has supported the press chiefly by protecting its freedom. Whether or not we have the best schools in the world—and many of us think we have—it can hardly be disputed that we have the freest press. Government restrictions on the press amount to little more than laws to prevent the printing of obscene matter and articles calculated to incite rebellion. The press is as free as it cares to be or as its economic condition permits it to be.

But now, in our own time, there has come into being another great institution for the general diffusion of knowledge—the radio. Still in its infancy, it already rivals in importance the schools and the press. The Government, as the people's agent, has had, and has now, a still different relation to radio from that toward the schools and press. It has encouraged and aided its development on the one hand, and, on the other, it has set up such controls of its operation as are necessary to prevent complete confusion on the air. In all other respects, the radio is as free as the press.

Always the Government has endeavored to follow the suggestion of George Washington that the public be enlightened. Throughout the years it has made available to the press, information that is essential to the people. But there has been, and there is now, a limit to the amount of such information that newspapers can print. Particularly is this true of newspapers published in cities of less than metropolitan size. Newspapers are business institutions, living on advertising revenue, and they are apt to be as large or as small as their advertising volume requires or permits. This is true and must be recognized, regardless of how seriously or how lightly an individual publisher may take his responsibility to keep the public fairly informed.

So, the Government, in our time, is turning to the radio as an additional means of meeting its obligation to the people. I have watched with interest and appreciation the manner in which the National Emergency Council during recent months has undertaken through the radio the diffusion of

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factual knowledge concerning Government operations. May I ask you, Mr. Director, to report something of your operations?

MELLETT: All of our broadcasts, Mr. President, have been on local stations, not on the networks. They have taken the form, for the most part, of discussions between our State Directors and field representatives of various Government agencies. The effort has been to answer any question that may be in the mind of any citizen concerning any phase of the Government's work. Our office in Washington receives a multitude of such questions. Some of the agencies receive even more inquiries. So we feel we have reason to know what it is that the people want to know. We try in these broadcasts to meet this desire.

Beginning last summer with the cooperation of a few stations in a few States our undertaking had grown by winter to the point where stations in forty-two States were working with us.

THE PRESIDENT: What Government agencies have made these reports to the people?

MELLETT: The Civilian Conservation Corps, the Public Works Administration, the United States Employment Service, the Home Owners' Loan Corporation, the Army Engineers—

THE PRESIDENT: That looks like a long list. How many in all?

MELLETT: Forty in all. The present broadcast, Mr. President, and those to follow by members of your cabinet, take a somewhat different form. They will be electrical transcriptions, made here and sent out to the stations. Stations in every State have engaged to present them to their listeners.

THE PRESIDENT: It is hard for me to conceive of any method of diffusing knowledge that would more exactly meet the purpose our first President had in mind, even though radio had not been dreamed of in his time.

I am sure the heads of the Government departments will not fail to make good use of it. I like the idea of keeping the

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broadcasts entirely factual in character and the effort to answer the questions in the minds of the people.

When I was Governor of New York, I learned that the State Government was performing about 120 different functions of Government. Here in Washington the Federal Government carries on about the same number of functions, most of them different forms of, or supplementary to, the usual State functions. It seems to me important that before the people pass on the size of, or the question of continuing, these functions they should have an opportunity to obtain some factual information about them. The people, through Congress, have the right, at any time, to end any individual function, to increase it, or to add new functions. That is why knowledge of what Government does today is of such great importance.

It should be possible, too, through your broadcasts, to correct the kind of misinformation that is sometimes given currency for one reason or another. In some communities it is the unhappy fact that only through the radio, is it possible to overtake loudly proclaimed untruths or greatly exaggerated half truths.

While, to be sure, the people have learned to discriminate pretty well between sober facts and exciting fiction, they have a right to expect their Government to keep them supplied with the sober facts in every possible way. It was heartening to hear your report concerning the questions the people put to the Government agencies. In that connection, please give the figures of your own operation in this field.

MELLETT: Our United States Information Service during 1938 received slightly more than one hundred thousand letters of inquiry on a wide variety of subjects. The United States Superintendent of Documents received almost three times that many concerning Government publications. I do not have the information as to all the departments and agencies, but an indication of the people's interest is given by the fact that

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the Department of Agriculture alone receives about 7,500 inquiries a day—or more than two million a year.

THE PRESIDENT: May the interest of the people in the Government never grow less. I am sure it will not, for the people know that the Government is their Government.

This is good work the National Emergency Council is doing, Mr. Director. Keep it up.

*NOTE:* This was the beginning of a series of similar radio interviews on a national hook-up with the heads of the various departments and government agencies.

In fact, each member of the Cabinet subsequently had a similar radio interview giving information about his particular department, which was of general public interest. Then a second series was arranged with the heads of other government agencies participating.

Electrical transcriptions were made in Washington of these inter-

views and were shipped to about a hundred stations, so that anybody in the country with a radio had the opportunity of obtaining this kind of information about the functioning of our government.

One of the most important duties of a democratic government is not only to permit all the avenues of information to remain open, but actually to inform the people of what is being done by their government; unless, of course, such information by its nature must be kept secret in the public interest.

## 77 ¶ The President Presents Plan No. II to Carry Out the Provisions of the Reorganization Act.

May 9, 1939

*To the Congress:*

PURSUANT to the provisions of the Reorganization Act of 1939 (Public No. 19, 76th Cong., 1st Session) approved April 3, 1939, I herewith transmit Reorganization Plan No. II, which, after investigation, I have prepared in accordance with the provisions of section 4 of the Act; and I declare that with respect to each transfer, consolidation, or abolition made in Reorganization Plan No. II, I have found that such transfer, consolidation, or

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abolition is necessary to accomplish one or more of the purposes of section 1 (a) of the Act.

In my message to the Congress on April 25, 1939, transmitting Reorganization Plan No. I, I took occasion to say that, it being obviously impracticable to complete the task of reorganization at one time, I had decided, in view of the declaration of the Congress that it should be accomplished immediately and speedily, to undertake it in several steps.

Plan No. I had to do with over-all management. Plan No. II, transmitted herewith, is designed to improve the work of the Executive Branch for which, although carried on through executive departments and agencies, the responsibility to the people is through the President. It is concerned with the sole purpose of improving the administrative management of the Executive Branch by a more logical grouping of existing units and functions and by a further reduction in the number of independent agencies.

I am transmitting Reorganization Plan No. II as the result of studies that have been made for me and of my own experience over a period of several years, as the best way in which to regroup the agencies affected so as to fulfill the purposes of the Act:

1. To reduce expenditures;
2. To increase efficiency;
3. To consolidate agencies according to major purposes;
4. To reduce the number of agencies by consolidating those having similar functions and by abolishing such as may not be necessary; and
5. To eliminate overlapping and duplication of effort.

The plan I now transmit I shall describe briefly as follows:

I propose to transfer the Foreign Commerce Service of the United States and its functions now in the Bureau of Foreign and Domestic Commerce of the Department of Commerce and the Foreign Agricultural Service of the United States and its functions in the Department of Agriculture to the Department

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of State, and to consolidate them with the Foreign Service of the United States under the direction and supervision of the Secretary of State.

By this transfer and consolidation, there will be a single Foreign Service in the Department of State, but this does not mean that the interests of the commercial and agricultural communities are to be neglected, for it is a part of the plan that representatives of the Secretary of Agriculture and the Secretary of Commerce shall be placed on the Board of Foreign Service Personnel and that specific investigations relating to commerce and agriculture shall be initiated directly by the Secretaries of these two departments who will receive directly the results of investigations in their own fields.

A much greater degree of coordination and effectiveness in our foreign establishments can be achieved under the plan than has ever before been possible. The needs of the different departments and agencies of the Government will be met more efficiently and the responsiveness of the foreign establishments to these needs will be greatly improved.

The plan presupposes that it may be necessary from time to time for various departments and agencies of the Government to send abroad specialists and technicians for relatively temporary duty. While these will not be in the Foreign Service, strictly speaking, they will be given a suitable commission by the Department of State, on a temporary basis, so that they may have the same obligations as other officers of the Foreign Service while on duty abroad.

The plan also presupposes a special training period within the Department of Commerce and the Department of Agriculture for Foreign Service officers selected to specialize in commercial or agricultural work and contemplates the fullest utilization of the experience gained abroad by Foreign Service officers in the work of the Departments of Commerce and Agriculture in this country. There will be stationed in the Department of State a liaison officer of the Department of Commerce

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and of the Department of Agriculture to make effective the proposed cooperation.

The plan specifically leaves undisturbed the relationships of the Department of Commerce and of the Department of Agriculture with the commercial and agricultural communities. What it does do is to consolidate the foreign services into one Foreign Service in the Department of State, where it ought to be, with the resulting advantages of economy, efficiency, better functional grouping, elimination of overlapping and duplication of effort, and greater service to our commercial and agricultural interests.

There is also transferred to the Department of State the Foreign Service Buildings Commission and its functions. This Commission is advisory to the administrative work of the Department of State and should no longer have the status of an independent establishment.

The Bureau of Lighthouses now in the Department of Commerce is transferred to the Treasury Department and consolidated with the Coast Guard in that Department. The advantages of this consolidation are obvious and fall clearly within the provision of the Act requiring me to consolidate agencies according to major purposes. This will save money on equipment and administration and will permit the better use of personnel.

The plan also includes the abolition of the Office of the Director General of Railroads and of the War Finance Corporation and the transfer of their functions to the Secretary of the Treasury to be wound up by him as rapidly as may be. In the case of the War Finance Corporation, it is directed that the final dissolution shall be accomplished not later than December 31, 1939.

I further propose to transfer to the Department of Justice the Federal Prison Industries, Inc., and the National Training School for Boys, and at the same time to abolish the Board of Trustees of the National Training School for Boys. Responsibility for the Federal penal and correctional institutions is in

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the Department of Justice and these two independent establishments should be consolidated therein. None of the other Federal penal or correctional institutions has a board of trustees and there is no need of further continuing the Board of the National Training School.

The plan also provides for the abolition of the Codification Board established for the purpose of codifying existing administrative law and the transfer of its functions to the Division of the Federal Register in the National Archives. The work of this board has now progressed to the point where a separate board is no longer necessary and the future work of keeping the codification up to date can more efficiently and economically be carried on by the editorial staff of the Federal Register.

I find it necessary and desirable in order to accomplish the purposes of the Reorganization Act to abolish the National Bituminous Coal Commission and to transfer its functions to the Secretary of the Interior. Thus the task of conserving the bituminous coal resources of the country may be carried on directly by the head of the department principally responsible for the conservation of fuel and other mineral supplies. The Congress placed this commission in the Department of the Interior but experience has shown that direct administration will be cheaper, better and more effective than through the cumbersome medium of an unnecessary commission.

The transfer to the Department of the Interior of the Bureau of Insular Affairs in the War Department and its consolidation with the Division of Territories and Island Possessions in Interior is a functional transfer of obvious desirability. Under the provisions of existing law, however, I shall direct, where necessary, that certain correspondence from the Governor General of the Philippines shall be transmitted to the President through the Department of State.

The plan provides for the transfer to the Department of the Interior of the Bureau of Fisheries from the Department of Commerce and of the Bureau of Biological Survey from the Department of Agriculture. These two bureaus have to do with conser-

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vation and utilization of the wild life resources of the country, terrestrial and aquatic. Therefore, they should be grouped under the same departmental administration, and in that Department which, more than any other, is directly responsible for the administration and conservation of the public domain. However, I intend to direct that the facilities of the Department of Agriculture shall continue to be used for research studies which have to do with the protection of domestic animals from diseases of wild life; and also where most economical for the protection to farmers and stockmen against predatory animals.

The plan also provides for the transfer of the Mount Rushmore National Memorial Commission to the National Park Service in the Department of the Interior in order that this great memorial may be administered as a part of the similar work of the park service.

Included in the plan is a provision to transfer to the Department of Agriculture the Rural Electrification Administration, now operated as an independent establishment. The work of this administration in its educational as well as its lending functions is clearly a part of the rural life activities of the country and should, therefore, be administered in coordination with the other agricultural activities of the Government.

The Inland Waterways Corporation is transferred to the Department of Commerce from the War Department. This corporation, which operates inland waterways transportation facilities, should be coordinated with the administration of other aids to commerce and industry.

I propose to transfer to the Federal Security Agency, for administration in the Office of Education, the film and radio functions of the National Emergency Council. These are clearly a part of the educational activities of the Government and should be consolidated with similar activities already carried on in the Office of Education. Similarly, Government participation in the work of the American Printing House for the Blind, except fiscal functions relating to trust funds, is transferred from the Secretary of the Treasury to the Federal Security Agency, in order

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that this work may be coordinated with the other work for the Blind now being carried on in the Social Security Board.

The plan provides for the abolition of the National Emergency Council and the transfer to the Executive Office of the President of all its functions with the exception of the film and radio activities which go to the Office of Education. Subject to appropriations by the Congress these activities transferred to the White House would be administered in the manner best designed to give the President the information he requires from all parts of the country.

The National Emergency Council was established by Executive Order in 1933 and is composed of the President, the Vice President, the Members of the Cabinet and the heads of some twenty-three independent establishments. Its usefulness as an actual Council, which met weekly under my chairmanship, was very great in the period of the emergency which then confronted the country, but, as time has gone on, it no longer operates as a Council but does continue to carry on important activities which are indispensable to the President of the United States, as well as to other branches of the Government, and the public. It maintains an information service and a press intelligence service, it publishes the United States Government Manual, and it carries on through State and central staffs an important work of coordinating and reporting.

The information service makes available general information concerning all phases of governmental activity and is provided for all who submit questions or inquiries by mail, by telephone, or by personal call. In one sense it may be called a post office address — “Uncle Sam, Post Office Box No. 1, Washington, D. C.” — to which persons who want information about the Government but do not know the exact division or agency of the Government to which to apply, may write with confidence that their questions will be answered or else sent on to the proper agency for direct reply.

The press intelligence service carried on in the Council is not a service for giving intelligence to the press, but rather for mak-

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ing available to responsible persons in the Government, both in the Executive and in the Legislative branches, a clipping service, which shows what the press of the country has printed. The partial consolidation of clipping services in this unit—a consolidation which should go further—already has resulted in economy and convenience. A clipping service of this kind, on a smaller scale, was maintained for many years in the White House but it was not then available to other branches of the Government. Its return to the White House with the additional feature of availability to all the rest of the Government will promote efficiency without violating tradition.

The publication of the United States Government Manual makes available to every citizen a simplified textbook of information as to the organization and availability of the Federal agencies. Published in loose-leaf form, it is sold by the Superintendent of Documents of the Government Printing Office.

The coordinating and reporting functions of the Council have to do with the presentation to the President of factual information, independently gathered, as to the progress and effect of our Governmental activities. Through its State offices the Council has been able to facilitate the various Federal programs particularly with respect to State and local Governments.

The plan also includes certain general provisions in order to accomplish fully the purposes of the Act. In addition to the transfer of bureaus and other units, it is necessary also to transfer certain functions of heads of departments; to transfer records, property and personnel; to transfer funds; and to provide that the power of appointment occasionally, and sometimes apparently quite accidentally, vested in a subordinate official of a department, shall be vested in the head of the department. It is impossible to exercise the proper direction and supervision over subordinate units unless the definite power of appointment, fixing of compensation, transfer, and promotion or dismissal of personnel is vested in the principal responsible head. In no other way can the purpose of consolidating similar functions under a single head as required by the Act be accomplished in practice.

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It is one of the five purposes of the Reorganization Act "to reduce expenditures to the fullest extent consistent with the efficient operation of the Government." This is an important purpose in each phase of the plan here presented. The Reorganization Act prohibits abolishing functions—in other words, basic services or activities performed. Therefore, the reduction in expenditures must necessarily be brought about chiefly in the overhead administrative expenses of the agencies affected. In a great many cases the economies to be effected by Reorganization Plan No. II will be the result of improved efficiency which will, as the plan works out, require fewer persons to perform the work or will require the employment of less temporary assistance.

In the case of the consolidation of the foreign services, it is estimated that the administration by a single administrative unit in the Department of State will achieve a saving of \$20,000 a year and that consolidation of the three field forces will make it possible to drop alien employees and, by a more effective use of personnel, to save an additional \$100,000 a year when the readjustments have been made.

The total administrative expense of all of the agencies affected by this plan is about \$25,000,000 per annum.

The reduction of such expenditures, which it is probable will be brought about by the taking effect of the reorganizations specified in the plan, is estimated at \$1,250,000 per annum. Certain of these economies can be brought about at once. Others will require a gradual readjustment in machinery and business practices of the agencies affected.

May I repeat what I said in my message transmitting Reorganization Plan No. I, that in this as in future reorganization plans not every person will agree on each and every detail. Out of the many groupings and regroupings proposed, a few of the individual agencies conceivably could be placed elsewhere, but I have been seeking to consider the functional purpose of each agency as required by the Reorganization Act itself and have made this plan with the sole purpose of improving the service

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rendered by the Government to its citizens in accordance with the purposes set out in the Act.

In view of the fact that it is now May ninth, and that any reorganization plan must lie before the Congress for sixty calendar days, and because the reorganizations of an intradepartmental character require a great deal of research and careful painstaking detailed work, I do not propose to send any further general reorganization plans to the Congress at this session.

However, there are certain transfers, abolitions and consolidations of committees, commissions, and boards which I propose to do by means of executive and military orders under existing law as complementary to Reorganization Plan No. II when it becomes effective.

Then, also, by mere administrative procedure, some small agencies which have been listed in various publications as independent establishments but whose independence has no basis in law or in formal executive or military orders, may be reassigned to an appropriate placement by administrative procedure on the part of their respective heads.

Not all of the interdepartmental transfers and consolidations that are necessary and desirable have been accomplished in this Reorganization Plan No. II. I am directing the Bureau of the Budget to study these problems in order that they may be included in plans to be transmitted to the Congress at its next session.

For example, in order to save money and to do the work more efficiently there are some units which should be divided so that a part of the work may be done by one agency and a part by another. Take, for example, the business of mapping. It is obviously important that the work of making surveys and accumulating data for maps should be done in the various agencies which are concerned primarily with the purposes for which the map is being drawn. On the other hand, the business of manufacturing maps might very well be consolidated in order to save money, and to manufacture better maps.

I have considered the desirability of transferring the jurisdic-

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tion over deportable aliens from the Immigration and Naturalization Service in the Department of Labor to the Department of Justice, but I find that this matter will require further study, or perhaps legislation, and therefore it is not included in this Plan.

I have also considered the problem of certain public lands insofar as they present overlapping jurisdiction between the Departments of the Interior and Agriculture.

Insofar as crops, including tree crops, are involved there is something to be said for their retention in the Department of Agriculture. But where lands are to be kept for the primary purpose of recreation and permanent public use and conservation they fall more logically into the Department of the Interior.

I hope to offer a reorganization plan on this early in the next session.

There are other types of work carried on in the Federal Government where it may prove necessary and desirable to divide the functions now being carried on by a particular unit so as the better to serve the basic purpose for which the work was undertaken. Such problems I shall continue to study with the view of sending other reorganization plans involving both interdepartmental and intradepartmental reorganizations to the Congress at its next session.

## REORGANIZATION PLAN NO. II

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled,  
May 9, 1939, pursuant to the provisions of the  
Reorganization Act of 1939, approved April 3, 1939

### PART 1. DEPARTMENTS

Section 1. *State Department.*—Transfers and consolidations relating to the Department of State are hereby effected as follows:

(a) *Foreign Commerce Service and Foreign Agricultural Service.*—The Foreign Commerce Service of the United States and

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its functions in the Bureau of Foreign and Domestic Commerce of the Department of Commerce and the Foreign Agricultural Service of the United States and its functions as established by the Act of June 5, 1930 (46 Stat. 497), in the Department of Agriculture are hereby transferred to the Department of State and shall be consolidated with and administered as a part of the Foreign Service of the United States under the direction and supervision of the Secretary of State.

(b) *Functions of the Secretary of Commerce and the Secretary of Agriculture Transferred to the Secretary of State; Exceptions.*—The functions of the Secretary of Commerce with respect to the Foreign Commerce Service and the functions of the Secretary of Agriculture with respect to the Foreign Agricultural Service (other than functions with respect to such services pertaining to activities in the United States and to the compilation, publication, and dissemination of information) are hereby transferred to, and shall be exercised by, the Secretary of State, except and provided that under regulations prescribed by the President—

(1) The Secretary of State shall cause to be made such investigations relating to commercial and industrial conditions and activities in foreign countries and such other specific investigations relating to foreign commerce as the Secretary of Commerce shall determine to be in the public interest, and shall report to the Secretary of Commerce the results of, and the information secured through, such investigations. He shall also cause to be made such investigations relating to world competition and demand for agricultural products, to production, marketing, and disposition of such products in foreign countries, and to farm management and other phases of agricultural industry in foreign countries, and shall conduct abroad such activities (including the demonstration of standards for cotton, wheat, and other American agricultural products), as the Secretary of Agriculture shall determine to be in the public interest, and shall report to the Secretary of Agri-

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culture the results of, and the information secured through, such investigations and activities.

(2) The Secretary of Commerce may from time to time when he deems it in the public interest designate any officer in his Department to render temporary service under the provisions of, and subject to the conditions named in, section 5 of the Act of March 3, 1927 (44 Stat. 1396).

(3) The Secretary of Agriculture may from time to time when he deems it in the public interest designate any officer in his Department to render temporary service under the provisions of, and subject to the conditions named in, section 2 of the Act of June 5, 1930 (46 Stat. 498).

(4) The Secretary of Commerce and the Secretary of Agriculture may each designate an officer in his Department, acceptable to the Secretary of State, to serve in the Department of State as liaison officer in connection with the Administration of the foreign service of the United States.

(5) One officer in the Department of Commerce designated by the Secretary of Commerce and acceptable to the Secretary of State and one officer in the Department of Agriculture designated by the Secretary of Agriculture and acceptable to the Secretary of State shall be added to the membership of the Board of Foreign Service Personnel for the Foreign Service.

(c) *Status of Foreign Service Officers.*—Foreign Commerce Service officers and Foreign Agricultural Service officers who by reason of transfer to the Foreign Service of the United States and by appointment according to law acquire status of Foreign Service officers therein shall not be included in the total number of officers in such Service for the purpose of determining the percentage limitation established by section 10 of the Act of February 23, 1931 (46 Stat. 1207), as amended.

(d) *China Trade Act Registrar.*—Such officer of the Foreign Service as the Secretary of State shall make available for that purpose may be authorized by the Secretary of Commerce to perform the duties of China Trade Act Registrar provided for

## 77. *Reorganization Plan No. II*

in the Act of September 19, 1922 (42 Stat. 849), under the direction of the Secretary of Commerce.

(e) *Foreign Service Buildings Commission*.—The Foreign Service Buildings Commission and its functions are hereby transferred to the Department of State. The Commission shall exercise advisory functions, but all other functions (including administrative functions) shall be exercised under the direction and supervision of the Secretary of State by such division, bureau, or office in the Department of State as the Secretary shall determine.

Section 2. *Treasury Department*.—Transfers, consolidations, and abolitions relating to the Department of the Treasury are hereby effected as follows:

(a) *Bureau of Lighthouses*.—The Bureau of Lighthouses in the Department of Commerce and its functions are hereby transferred to and shall be consolidated with and administered as a part of the Coast Guard in the Department of the Treasury.

(b) *Director General of Railroads: Office Abolished and Functions Transferred*.—The office of Director General of Railroads is hereby abolished. The functions and duties of the Director General of Railroads are hereby transferred to the Secretary of the Treasury to be exercised and performed by him personally or through such officer or officers of the Department of the Treasury as he may authorize. The Secretary of the Treasury is hereby designated as the agent provided for in section 206 of the Transportation Act, 1920 (41 Stat. 461).

(c) *War Finance Corporation Abolished*.—All of the functions, property, and obligations of the War Finance Corporation not heretofore transferred by statute to the Secretary of the Treasury are hereby transferred to the Department of the Treasury. The War Finance Corporation is hereby abolished and the Secretary of the Treasury shall complete the winding up of its affairs and shall dispose of its assets in accordance with the Act of March 1, 1929 (45 Stat. 1442), not later than December 31, 1939.

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Section 3. *Department of Justice.*—Transfers, consolidations, and abolitions relating to the Department of Justice are hereby effected as follows:

(a) *Federal Prison Industries, Inc.*—The Federal Prison Industries, Inc. (together with its Board of Directors) and its functions are hereby transferred to the Department of Justice and shall be administered under the general direction and supervision of the Attorney General.

(b) *National Training School for Boys.*—The National Training School for Boys and its functions (including the functions of its Board of Trustees) are hereby transferred to the Department of Justice and shall be administered by the Director of the Bureau of Prisons, under the direction and supervision of the Attorney General.

(c) *Board of Trustees of the National Training School for Boys Abolished.*—The Board of Trustees of the National Training School for Boys (including the consulting trustees) is hereby abolished.

Section 4. *Department of the Interior.*—Transfers, consolidations, and abolitions relating to the Department of the Interior are hereby effected as follows:

(a) *Functions of the National Bituminous Coal Commission Transferred.*—The functions of the National Bituminous Coal Commission (including the functions of the members of the Commission) are hereby transferred to the Secretary of the Interior to be administered under his direction and supervision by such division, bureau, or office in the Department of the Interior as the Secretary shall determine.

(b) *National Bituminous Coal Commission Abolished.*—The National Bituminous Coal Commission and the offices of the members thereof are hereby abolished and the outstanding affairs of the Commission shall be wound up by the Secretary of the Interior.

(c) *Office of Consumers' Counsel Abolished and Functions Transferred.*—The office of Consumers' Counsel of the National Bituminous Coal Commission is hereby abolished and its func-

## 77. *Reorganization Plan No. II*

tions are transferred to, and shall be administered in, the Office of the Solicitor of the Department of the Interior under the direction and supervision of the Secretary of the Interior.

(d) *Bureau of Insular Affairs.*—The Bureau of Insular Affairs of the War Department and its functions are hereby transferred to the Department of the Interior and shall be consolidated with the Division of Territories and Island Possessions in the Department of the Interior and administered in such Division under the direction and supervision of the Secretary of the Interior. The office of the Chief of the Bureau and offices subordinate thereto provided for in section 14 of the Act of June 4, 1920 (41 Stat. 769), are hereby abolished and all of the functions of such offices are transferred to, and shall be exercised by, the Director of the Division of Territories and Island Possessions.

(e) *Bureau of Fisheries.*—The Bureau of Fisheries in the Department of Commerce and its functions are hereby transferred to the Department of the Interior and shall be administered in that Department under the direction and supervision of the Secretary of the Interior. The functions of the Secretary of Commerce relating to the protection of fur seals and other fur-bearing animals, to the supervision of the Pribilof Islands and the care of the natives thereof, and to the Whaling Treaty Act, are hereby transferred to, and shall be exercised by, the Secretary of the Interior.

(f) *Bureau of Biological Survey.*—The Bureau of Biological Survey in the Department of Agriculture and its functions are hereby transferred to the Department of the Interior and shall be administered in that Department under the direction and supervision of the Secretary of the Interior. The functions of the Secretary of Agriculture relating to the conservation of wild life, game, and migratory birds are hereby transferred to, and shall be exercised by, the Secretary of the Interior. The provisions of the Act of May 18, 1934 (c. 299, 48 Stat. 780), as amended by the Act of February 8, 1936 (c. 40, 49 Stat. 1105), insofar as they relate to officers or employees of the Department of Agriculture designated by the Secretary of Agriculture to enforce

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any act of Congress for the protection, preservation or restoration of game and other wild life and animals shall apply to officers and employees of the Department of the Interior designated by the Secretary of the Interior to exercise and discharge such duties.

(g) *Officers of Biological Survey May Administer Oaths.*—The provisions of the Act of January 31, 1925 (c. 124, 43 Stat. 803), shall be applicable to such officers, agents, or employees of the Department of the Interior performing functions of the Bureau of Biological Survey as are designated by the Secretary of the Interior for the purposes named in the Act.

(h) *Migratory Bird Conservation Commission.*—The Secretary of the Interior shall be chairman of the Migratory Bird Conservation Commission, and the Secretary of Agriculture shall be a member thereof.

(i) *Mount Rushmore National Memorial Commission.*—The Mount Rushmore National Memorial Commission and its functions are hereby transferred to the National Park Service in the Department of the Interior. The functions vested in the Commission by section 3 and 4(a) of the Act of June 15, 1938 (c. 402, 52 Stat. 694), shall continue to be exercised by the Commission. All other functions of the Mount Rushmore National Memorial Commission shall be administered by the National Park Service under the direction and supervision of the Secretary of the Interior.

Section 5. *Department of Agriculture: Rural Electrification Administration Transferred.*—The Rural Electrification Administration and its functions and activities are hereby transferred to the Department of Agriculture and shall be administered in that Department by the Administrator of the Rural Electrification Administration under the general direction and supervision of the Secretary of Agriculture.

Section 6. *Department of Commerce: Transfer of Inland Waterways Corporation.*—The Inland Waterways Corporation and all of its functions and obligations are hereby transferred to the Department of Commerce and shall be administered in that De-

## 77. *Reorganization Plan No. II*

partment under the supervision and direction of the Secretary of Commerce. The capital stock of the Corporation shall continue to be held for the United States by the Secretary of the Treasury, but all other functions, rights, privileges, and powers and all duties and liabilities of the Secretary of War relating to the Inland Waterways Corporation are hereby transferred to, and shall be exercised, performed, and discharged by, the Secretary of Commerce. The Secretary of Commerce shall be substituted for the Secretary of War as, and shall be deemed to be, the incorporator of the Inland Waterways Corporation.

### PART 2. INDEPENDENT AGENCIES

Section 201. *Federal Security Agency*.—Transfers and consolidations relating to the Federal Security Agency are hereby effected as follows:

(a) *Radio Service and United States Film Service Transferred*.—The functions of the Radio Division and the United States Film Service of the National Emergency Council are hereby transferred to the Federal Security Agency and shall be administered in the Office of Education under the direction and supervision of the Federal Security Administrator.

(b) *American Printing House for the Blind*.—The functions of the Secretary of the Treasury with respect to the administration of the appropriations for the American Printing House for the Blind (except the function relating to the perpetual trust fund) are hereby transferred to the Federal Security Agency and shall be administered under the direction and supervision of the Federal Security Administrator. The annual report and vouchers required to be furnished to the Secretary of the Treasury by the trustees of the American Printing House for the Blind shall be furnished to the Federal Security Administrator.

Section 202. *National Archives*.—Transfers, consolidations, and abolitions relating to the National Archives are hereby effected as follows:

(a) *Functions of Codification Board Transferred*.—The functions of the Codification Board, established by the Act of June

### 77. *Reorganization Plan No. II*

19, 1937 (50 Stat. 304), are hereby transferred to the National Archives and shall be consolidated in that agency with the functions of the Division of the Federal Register and shall be administered by such Division under the direction and supervision of the Archivist.

(b) *Codification Board Abolished.*—The Codification Board is hereby abolished and its outstanding affairs shall be wound up by the Archivist through the Division of the Federal Register in the National Archives.

#### PART 3. EXECUTIVE OFFICE OF THE PRESIDENT

Section 301. Transfers and abolitions relating to the Executive Office of the President are hereby effected as follows:

(a) *Functions of National Emergency Council Transferred.*—All functions of the National Emergency Council other than those relating to Radio Service and Film Service (transferred by Section 201(a) of this plan to the Federal Security Agency) are hereby transferred to the Executive Office of the President and shall be administered under the direction and supervision of the President.

(b) *National Emergency Council Abolished.*—The National Emergency Council is hereby abolished and its outstanding affairs shall be wound up under the direction and supervision of the President.

#### PART 4. GENERAL PROVISIONS

Section 401. *Transfer of Functions of Heads of Departments.*—Except as otherwise provided in this Plan, the functions of the head of any Department relating to the administration of any agency or function transferred from his Department by this Plan, are hereby transferred to, and shall be exercised by, the head of the department or agency to which such transferred agency or function is transferred by this Plan.

Section 402. *Transfer of Records, Property, and Personnel.*—All records and property (including office equipment) of the several agencies, and all records and property used primarily in the

### 77. *Reorganization Plan No. II*

administration of any functions, transferred by this Plan and, except as otherwise provided, all the personnel used in the administration of such agencies and functions (including officers whose chief duties relate to such administration) are hereby transferred to the respective departments or agencies concerned, for use in the administration of the agencies and functions transferred by this Plan: *Provided*, That any personnel transferred to any department or agency by this section found by the head of such department or agency to be in excess of the personnel necessary for the administration of the functions transferred to his department or agency shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

Section 403. *Transfer of Funds*.—So much of the unexpended balances of appropriations, allocations, or other funds available for the use of any agency in the exercise of any function transferred by this Plan, or for the use of the head of any department or agency in the exercise of any function so transferred, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the department or agency concerned for use in connection with the exercise of the functions so transferred. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4(d) (3) and section 9 of the Reorganization Act of 1939.

Section 404. *Transfer of Functions Relating to Personnel*.—Except as prohibited by section 3(b) of the Reorganization Act of 1939, all functions relating to the appointment, fixing of compensation, transfer, promotion, demotion, suspension, or dismissal of persons to or from offices and positions in any department

### 77. *Reorganization Plan No. II*

vested by law in any officer of such department other than the head thereof are hereby transferred to the head of such department and shall be administered under his direction and supervision by such division, bureau, office, or persons as he shall determine.

*NOTE:* Reorganization Plan No. II was designed to regroup, in a more logical fashion, existing units in the governmental structure not included in Plan I (see Item 66, this volume).

The most significant over-all results of Reorganization Plans I and II were the simplification of the government's administrative structure and the provision of more adequate managerial facilities for the Chief Executive. The plans represent an important step toward relieving the President of the necessity for dealing directly with a multiplicity of administrative agencies.

At the same time, they provided the previously independent agencies, such as the Civilian Conservation Corps, Works Progress Administration, etc., with more sustained and detailed direction and coordination with related activities than could possibly be given by the President.

Furthermore, the plans placed directly under the President certain staff facilities that are indispensable to over-all management and direction by the Chief Executive. This not only has made these services more accessible to the President, but also has permitted the integration of these facilities so that

they can more effectively meet the President's needs.

Some examples of these results, in addition to the more obvious ones mentioned in my foregoing message, are the following:

The Codification Board had been established on June 19, 1937, to codify existing administrative law; and by June 30, 1939, it had codified approximately 63 per cent of the existing administrative law. There was a conflict of interest and jurisdiction, however, in the work of the Board, inasmuch as its members were drawn from more than one agency. It was felt that the Division of the Federal Register in the National Archives could perform these functions more efficiently and economically; and in the first three months after the transfer all the remaining codifying work was completed.

Before the adoption of Reorganization Plan No. II, the National Training School for Boys had been supervised by an independent, non-salaried Board of Trustees. Since the Bureau of Prisons of the Department of Justice operated all other Federal penal and correctional institutions, it was felt that a consolidation would make available the specialized supervisory

## 77. *Reorganization Plan No. II*

services of the Bureau of Prisons. Thus the supervision of purchasing, medical facilities, fiscal and budget control, education, personnel, engineering and parole supervision were made available.

It is now possible to transfer to federal reformatories those inmates who require more rigid discipline, thus removing their harmful influence from the school, and designing a better program for their rehabilitation. An additional benefit is achieved by the possibility of transferring administrative personnel among all the institutions now under the Federal Bureau of Prisons, ensuring that the best qualified staff members are available both for the Training School and for the other institutions.

The transfer of the Federal Prison Industries, Inc., to the Department of Justice has resulted in a further simplification of the governmental structure and organization.

Since the Rural Electrification Administration has been established in the Department of Agriculture, it has been represented on the State land-use planning committees, thus enabling the plans for rural electrification to be integrated into the larger plans for agricultural development. Moreover, research studies developed by the Bureau of Agricultural Engineering and the Bureau of Home Economics have proven beneficial to the R.E.A. in its program of aid to low-income farmers.

The National Emergency Council was abolished under Plan II, and its functions of providing information, reporting and coordinating were transferred to the executive office. (For a further discussion of the functioning of the reorganized agencies in the executive office, see note to Item 125, this volume.)

It is apparent that the abolition of the National Bituminous Coal Commission and the transfer of its functions to the Bituminous Coal Division of the Department of the Interior have resulted in many contributions to administrative efficiency. A single director rather than six commissioners now centralizes authority and carries on his duties with fewer and more efficient employees. A better attitude of cooperation among the bituminous coal operators has been noticeable since the reorganization. Since the establishment of the new division, the field offices have been reduced from 22 to 11, resulting in more unified control and direction.

At the time the Departments of Agriculture and Commerce both maintained foreign service representatives abroad, there was a great deal of unnecessary duplication of work, causing expense and, often, confusion to the foreign countries. This has been eliminated by the consolidation of these services with the Foreign Service Division of the State Department.

The transfer of Foreign Service Buildings Commission, composed of ranking government officials, has

## 77. Reorganization Plan No. II

### REORGANIZATION

*Effective*

#### AFTER REORGANIZATION

#### BEFORE RE

#### AGENCY OR FUNCTION

<b>EXECUTIVE OFFICE OF THE PRESIDENT:</b>	
Bureau of the Budget .....	Bureau of the Budget .....
Central Statistical Board .....	Central Statistical Board .....
	Central Statistical Committee .....
National Resources Planning Board .....	National Resources Committee .....
	Federal Employment Stabilization Office .....
Office of Government Reports .....	National Emergency Council .....
<b>FEDERAL SECURITY AGENCY:</b>	
American Printing House for the Blind .....	American Printing House for the Blind .....
Civilian Conservation Corps .....	Civilian Conservation Corps .....
National Youth Administration .....	National Youth Administration .....
Office of Education .....	Office of Education .....
Radio Division .....	Radio Division .....
United States Film Service .....	United States Film Service .....
Public Health Service .....	Public Health Service .....
Social Security Board .....	Social Security Board .....
United States Employment Service .....	United States Employment Service .....
<b>FEDERAL WORKS AGENCY:</b>	
Public Buildings Administration .....	{ Branch of Buildings Management, National Park Service .....
	{ Public Buildings Branch, Procurement Division .....
Public Roads Administration .....	Bureau of Public Roads .....
Public Works Administration .....	Federal Emergency Administration of Public Works .....
United States Housing Authority .....	United States Housing Authority .....
Work Projects Administration .....	Works Progress Administration .....
<b>FEDERAL LOAN AGENCY:</b>	
Disaster Loan Corporation .....	Disaster Loan Corporation .....
Electric Home and Farm Authority .....	Electric Home and Farm Authority .....
Export-Import Bank of Washington .....	Export-Import Bank of Washington .....
Federal Home Loan Bank Board .....	Federal Home Loan Bank Board .....
Federal Savings and Loan Insurance Corporation .....	Federal Savings and Loan Insurance Corporation .....
Home Owners' Loan Corporation .....	Home Owners' Loan Corporation .....
Federal Housing Administration .....	Federal Housing Administration .....
Federal National Mortgage Association .....	Federal National Mortgage Association .....
Reconstruction Finance Corporation .....	Reconstruction Finance Corporation .....
RFC Mortgage Company .....	RFC Mortgage Company .....
<b>DEPARTMENT OF AGRICULTURE:</b>	
Commodity Credit Corporation .....	Commodity Credit Corporation .....
Farm Credit Administration .....	Farm Credit Administration .....
Federal Farm Mortgage Corporation .....	Federal Farm Mortgage Corporation .....
Rural Electrification Administration .....	Rural Electrification Administration .....
<b>DEPARTMENT OF COMMERCE:</b>	
Inland Waterways Corporation .....	Inland Waterways Corporation .....
<b>DEPARTMENT OF THE INTERIOR:</b>	
<sup>1</sup> Bureau of Biological Survey .....	Bureau of Biological Survey .....
<sup>1</sup> Bureau of Fisheries .....	Bureau of Fisheries .....
Division of Territories and Island Possessions .....	Bureau of Insular Affairs .....
Mount Rushmore National Memorial Commission .....	Mount Rushmore National Memorial Commission .....
Bituminous Coal Division .....	National Bituminous Coal Commission .....
	Office of Consumers' Counsel of the N. B. C. C. . .
<b>DEPARTMENT OF JUSTICE:</b>	
Federal Prison Industries, Inc. ....	Federal Prison Industries, Inc. ....
National Training School for Boys .....	National Training School for Boys .....
<b>DEPARTMENT OF STATE:</b>	
Foreign Service of the United States .....	{ Foreign Agricultural Service .....
	{ Foreign Commerce Service .....
Foreign Service Buildings Commission .....	Foreign Service Buildings Commission .....
<b>DEPARTMENT OF THE TREASURY:</b>	
Bureau of Lighthouses (Coast Guard) .....	Bureau of Lighthouses .....
	Director General of Railroads .....
	War Finance Corporation .....
<b>THE NATIONAL ARCHIVES</b> .....	Codification Board .....

The Federal Security, Works, and Loan Agencies were

<sup>1</sup>These two bureaus were consolidated into the Fish and Wildlife Service by Reorganization Plan No. III (see Item 24, 1940 volume).

## 77. Reorganization Plan No. II

### PLANS I AND II

*July 1, 1939*

#### ORGANIZATION

FORMER STATUS	NOTES
Treasury. Independent. Independent.....	Abolished and functions transferred to the Director of the Bureau of the Budget.
Independent. Commerce.....	Abolished and functions transferred to the Executive Office of the President.
Independent.....	Council abolished and all functions, other than those relating to the Radio Division and the United States Film Service, transferred to the Executive Office of the President.
Treasury.....	Transfer of functions with respect to the administration of Federal Appropriations.
Independent. Works Progress Administration. Interior. National Emergency Council. National Emergency Council. Treasury. Independent. Labor.	
Interior.....	Consolidated with former Public Buildings Branch, Department of the Treasury.
Treasury.....	Consolidated with former Branch of Buildings Management, National Park Service.
Agriculture. Independent. Interior. Independent.	
Independent. Independent. Independent. Independent. Federal Home Loan Bank Board. Federal Home Loan Bank Board. Independent. Independent. Independent. Independent.	
Independent. Independent. Independent. Independent.	
War.	
Agriculture. Commerce. War.....	Consolidated with existing Division of Territories and Island Possessions.
Independent. Interior.....	Commission abolished. Functions transferred to newly created Bituminous Coal Division.
Interior.....	Office abolished. Functions transferred to and administered in the office of the solicitor of the Department of the Interior; later (April 11, 1941) made independent.
Independent. Independent.	
Agriculture..... Commerce..... Independent.	Consolidated with existing Foreign Service of the United States. Consolidated with existing Foreign Service of the United States.
Commerce. Independent..... Independent.....	Office abolished. Functions transferred to the Secretary of the Treasury. Corporation abolished. Affairs to be completed by the Secretary of the Treasury.
Independent.....	Board abolished. Functions to be wound up by the Archivist of the United States.

organized pursuant to Reorganization Plan No. 1.

## 77. Reorganization Plan No. II

### THE PRESIDENT'S REORGANIZATION PLANS 1 AND 2

*Effective July 1, 1939*

#### EXECUTIVE OFFICE OF THE PRESIDENT

Bureau of the Budget (Treasury)  
Central Statistical Board (Independent)  
Central Statistical Committee\* (Independent)  
National Resources Planning Board<sup>1</sup> (Independent)  
Federal Employment Stabilization Office\* (Commerce)  
National Emergency Council\*<sup>2</sup> (Independent)

#### STATE DEPARTMENT

Foreign Commerce Service (Commerce)  
Foreign Agriculture Service (Agriculture)  
Foreign Service Buildings Commission (Independent)

#### AGRICULTURE DEPARTMENT

Farm Credit Administration (Independent)  
Federal Farm Mortgage Corporation (Independent)  
Commodity Credit Corporation (Independent)  
Rural Electrification Administration (Independent)

#### INTERIOR DEPARTMENT

Bureau of Fisheries (Commerce)  
Bureau of Insular Affairs (War)  
Bureau of Biological Survey (Agriculture)  
National Bituminous Coal Commission\*<sup>3</sup> (Independent)  
Consumers' Counsel of N B C C\* (Independent)  
Mt. Rushmore National Memorial Commission (Independent)

#### JUSTICE DEPARTMENT

Federal Prison Industries, Inc. (Independent)  
National Training School for Boys (Independent)

#### NATIONAL ARCHIVES

Codification Board\* (Independent)

#### COMMERCE DEPARTMENT

Inland Waterways Corporation (War)

#### FEDERAL WORKS AGENCY

Public Roads Administration<sup>4</sup> (Agriculture)  
Public Works Administration (Independent)  
Work Projects Administration<sup>5</sup> (Independent)  
United States Housing Authority (Interior)  
Public Buildings Administration<sup>6</sup>

#### FEDERAL SECURITY AGENCY

Office of Education (Interior)  
U. S. Film Service (National Emergency Council)  
Radio Division (National Emergency Council)  
Public Health Service (Treasury)  
Social Security Board (Independent)  
U. S. Employment Service (Labor)  
National Youth Administration (Independent)  
Civilian Conservation Corps (Independent)  
American Printing House for Blind (Treasury)

#### FEDERAL LOAN AGENCY

Reconstruction Finance Corporation (Independent)  
R F C Mortgage Company (Independent)  
Disaster Loan Corporation (Independent)  
Electric Home and Farm Authority (Independent)  
Federal National Mortgage Association (Independent)  
Export-Import Bank of Washington (Independent)  
Federal Housing Administration (Independent)  
Federal Home Loan Bank Board (Independent)  
Home Owners' Loan Corporation (F H L B B)  
Federal Savings & Loan Insurance Corp. (F S L I C)

#### TREASURY DEPARTMENT

Bureau of Lighthouses (Commerce)  
War Finance Corporation\* (Independent)  
Director General of Railroads\* (Independent)

#### NOTES

Parentheses indicate former status of agencies.

\* Functions transferred as shown, office abolished.

<sup>1</sup> Formerly called National Resources Committee.

<sup>2</sup> Now called Office of Government Reports.

<sup>3</sup> Now called Bituminous Coal Division.

<sup>4</sup> Formerly called Bureau of Public Roads.

<sup>5</sup> Formerly called Works Progress Administration.

<sup>6</sup> Composed of Public Buildings Branch (Treasury) and Buildings Management Branch (Interior).

## 78. *Dedication of Museum of Modern Art*

resulted in increased efficiency in the performance of administrative duties under the supervision of the Secretary of State, while at the same time it has maintained the advisory functions of the Commission.

After the Bureau of Lighthouses of the Department of Commerce had been consolidated with the Coast Guard, 13 Coast Guard Districts replaced the former 17 Lighthouse Service Districts, and 13 Life-saving Districts and 9 Coast Guard Divisions, resulting in reduction of overhead expenses and in centralization of administrative control. A number of economies have been achieved through the merger of supply depots and stores and the institution of standard systems of operation, maintenance, supply and finance.

A saving in pay and allowance has been effected through the induction of the personnel of the former Lighthouse Service into the military service of the Coast Guard.

Two agencies, the office of Director General of Railroads and the War Finance Corporation, were transferred to the Treasury Department for purposes of liquidation.

(For a further discussion of the reorganization proposals and accomplishments, see Items 241 and 241A, 1936 volume; Items 41 and 44 and notes, 1938 volume; Items 66, 125 and notes, this volume; Items 24, 29, 51 and notes, 1940 volume.)

The accompanying charts show in graphic form what has been accomplished by Reorganization Plans I and II.

78 ¶ “Only Where Men Are Free Can the Arts Flourish and the Civilization of National Culture Reach Full Flower.” Radio Dedication of the Museum of Modern Art, New York City.

May 10, 1939

*President Rockefeller, friends of the Museum of Modern Art:*

WHEN MEN dedicate a new edifice for a common enterprise they are at once celebrating an achievement and announcing a purpose. They cannot refrain nor could they properly be excused from making clear what that purpose is.

From all that has been said by the speakers to whom we have been listening tonight the mission of this Museum is plain. We

### 78. *Dedication of Museum of Modern Art*

are dedicating this building to the cause of peace and to the pursuits of peace. The arts that ennoble and refine life flourish only in the atmosphere of peace. And in this hour of dedication we are glad again to bear witness before all the world to our faith in the sanctity of free institutions. For we know that only where men are free can the arts flourish and the civilization of national culture reach full flower.

The arts cannot thrive except where men are free to be themselves and to be in charge of the discipline of their own energies and ardors. The conditions for democracy and for art are one and the same. What we call liberty in politics results in freedom in the arts. There can be no vitality in the works gathered in a museum unless there exists the right of spontaneous life in the society in which the arts are nourished.

A world turned into a stereotype, a society converted into a regiment, a life translated into a routine, make it difficult for either art or artists to survive. Crush individuality in society and you crush art as well. Nourish the conditions of a free life and you nourish the arts, too.

In encouraging the creation and enjoyment of beautiful things we are furthering democracy itself. That is why this Museum is a citadel of civilization.

As the Museum of Modern Art is a living museum, not a collection of curious and interesting objects, it can, therefore, become an integral part of our democratic institutions—it can be woven into the very warp and woof of our democracy. Because it has been conceived as a national institution the Museum can enrich and invigorate our cultural life by bringing the best of modern art to all of the American people. This, I am gratified to learn, will be done through the traveling exhibitions of the Museum.

It is most important that the Museum make these traveling exhibits an essential part of its work. By this means the gap between the artists and American industry, and the great American public, can be bridged. And most important of all, the standards of American taste will inevitably be raised by thus bringing

### 78. *Dedication of Museum of Modern Art*

into far-flung communities results of the latest and finest achievements in all the arts.

These traveling exhibits will extend the perspective of the general public which too often has been accustomed to think of the fine arts as painting, and possibly sculpture. But the proposed traveling exhibitions and nationwide shows will make all of our people increasingly aware of the enormous importance of contemporary industrial design, architecture, including the great social art — housing — which by its very nature is one of the most formidable challenges to a democracy, as well as photography, the printed book, the illustration, the advertisement, the poster, the theater, and the moving picture. Thus, a nationwide public will receive a demonstration of the force and scope of all these branches of the visual arts.

Art in America has always belonged to the people and has never been the property of an academy or a class. The great Treasury Projects, through which our public buildings are being decorated, are an excellent example of the continuity of this tradition. The Federal Art Project of the Works Progress Administration is a practical relief project which also emphasizes the best tradition of the democratic spirit. The WPA artist, in rendering his own impression of things, speaks also for the spirit of his fellow countrymen everywhere. I think the WPA artist exemplifies with great force the essential place which the arts have in a democratic society such as ours.

In the future we must seek more widespread popular understanding and appreciation of the arts. Many of our great cities provide the facilities for such appreciation. But we all know that because of their lack of size and riches the smaller communities are in most cases denied this opportunity. That is why I give special emphasis to the need of giving these smaller communities the visual chance to get to know modern art.

As in our democracy we enjoy the right to believe in different religious creeds or in none, so can American artists express themselves with complete freedom from the strictures of dead artistic

### 79. *The Problem of Idle Money*

tradition or political ideology. While American artists have discovered a new obligation to the society in which they live, they have no compulsion to be limited in method or manner of expression.

The opportunity before the Museum of Modern Art is as broad as the whole United States. I trust that the fine example which this institution is affording will be widely copied and that the good work will continue until the influence of the best and the noblest in the fine arts permeates every community in the land.

## 79 ¶ The President Urges the Temporary National Economic Committee to Study the Problem of Idle Money, May 16, 1939

*Dear Joe:*

IN MY MESSAGE to the Congress initiating the work of the Temporary National Economic Committee, I had occasion to say that "Idle factories and idle workers profit no man." It may equally be said that idle dollars profit no man. The present phase of the hearings before the Committee bears directly upon this problem.

It is a matter of common knowledge that the dollars which the American people save each year are not yet finding their way back into productive enterprise in sufficient volume to keep our economic machine turning over at the rate required to bring about full employment. We have mastered the technique of creating necessary credit; we have now to deal with the problem of assuring its full use.

In the series of hearings which the Securities and Exchange Commission is to hold before your Committee, I take it that a major problem of your Committee will be to ascertain why a large part of our vast reservoir of money and savings has remained idle in stagnant pools.

### *79. The Problem of Idle Money*

Is it because our economy is leaving an era of rapid expansion and entering an era of steadier growth, calling for relatively less investment in capital goods?

Is it because of lag, leak and friction in the operation of investment markets which pervert the normal flow of savings into non-productive enterprise?

These are questions for your Committee to answer.

I know of no more urgent ones in the country today.

The hearings before your Committee, I hope, will assume the task of analyzing the financial machine in its relation to the creation of more needed wealth. We know that the mechanism can be improved. Improvement can only be made on a basis of clear analysis. Having made that analysis, I hope that your Committee will then be able to indicate ways by which the machine may be made to function more efficiently.

We have an immense amount of wealth which needs to be created in this country. Much of it can be created through private enterprise. Some of it can properly be created through quasi-public agencies. The problem is to use our added savings and increased credit to get this wealth moving, that is, to get it now in productive enterprise; and, at the same time, to make savings available for use in all categories of private enterprise, as well as for the great and recognized enterprises which can command capital, but have less actual need of capital than many smaller but equally deserving enterprises. There is also the problem of determining how credit can best be made available for instrumentalities of local Government and for those quasi-public enterprises which must do the work which cannot be done by private enterprise.

We have developed several methods of connecting money with men and materials so as to get useful work done. We shall need to use all of these opportunities, or, if you choose to put it differently, we must meet all of the demands made on our system, if we are to have lasting prosperity. It is our task to find and energetically adopt those specific measures which will bring to-

*80. Foreign Trade Week*

gether idle men, machines and money. In proportion as we succeed, we shall strengthen the structure of democratic economy.

Very sincerely yours,

Honorable Joseph C. O'Mahoney,  
Chairman, Temporary National Economic Committee,  
United States Senate,  
Washington, D.C.

(See note to Item 59, 1938 volume, for discussion of the conclusions and findings of the Temporary National Economic Committee, popularly known as the "monopoly committee.")

80 ¶ A Statement by the President on the Celebration of Foreign Trade Week. May 21, 1939

TOMORROW, May twenty-second, we are celebrating the opening of Foreign Trade Week; and also National Maritime Day. For us, this is an affirmation of purpose and of faith. These celebrations have to do with works of peace; the beneficial exchange of goods; traffic of merchant ships on many seas; the friendly development of commerce. Pacific intercourse is still the ideal of most of the world. It is the dominant purpose of the foreign policy of the United States. Our hope and aims are that peaceful interchange shall again become the normal state of affairs.

In carrying out this intention, we have a right to expect breadth of vision from all groups in our own country. Increased foreign trade yields large dividends in terms of economic well-being and friendly relations with other nations; but to secure it there must be fair exchange. We must take, as well as give; import, as well as export. We shall profit by doing so.

For nearly five years, now, we have been engaged in a vigorous effort to expand our foreign trade by means of reciprocal trade agreements, based upon the principle of equality of treatment, for the reduction of excessive trade barriers. This effort has been

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gratifyingly successful, despite many obstacles. Almost 60 per cent of our total foreign trade is now carried on with countries with which we have concluded agreements. By continued vigorous effort we can make of this essential part of our general program for economic recovery in the United States an even more effective means of promoting the general welfare.

To you who are engaged in foreign commerce, I extend a cordial welcome.

(Broadcast by the Secretary of State during his own radio speech on May 21, 1939.)

81 ¶ “A Discussion of Government Fiscal Policy in Relation to Consumer Purchasing Power.” Address Before the American Retail Federation, Washington, D.C. May 22, 1939

*Mr. Kirstein, Dr. Craig, my fellow retailers:*

I AM HAPPY to speak at this first Forum of the American Retail Federation. I feel a kinship between your business and mine. (*Laughter*) The backbone of the customers we are both trying to satisfy is the same—(*laughter*) in your case the many small customers whose steady demand for the necessities and a few luxuries of life make up your volume—in my case millions of average American families whose standard of living is the practical measure of the success of our democracy. You have one advantage over me, however; unlike Louis Kirstein, for instance, I have no bargain basement. (*Laughter*)

For you who are in the honorable business of storekeeping, the flow of consumer purchasing power determines the difference between red and black on your account books; and for the Nation the difference between unemployment and prosperity.

That is why I want to devote this opportunity to a difficult

### *81. Address to American Retail Federation*

and probably exceedingly dangerous discussion of Government fiscal policy in relation to consumer purchasing power.

There are some highbrow columnists and some high-gearred economists, who say to you that we think, you and I, too much about consumers' purchasing power and that we look at our economic problems from the wrong end. They say that we should glue all of our attention on the heavy industries, and should do everything and anything just to get those industries to work and to get private investors to put up the money to build new buildings and new machines without regard to the average consumer's need or his ability to use the buildings and the machines.

By and large, you will find that these experts are the same as those who just ten years ago were telling us that conditions were sound and that we had found the way to end poverty. In those days we were building luxurious office buildings, hotels and apartment houses and four-tracking the railroads—doing all this work for consumers who did not need it as much as those experts thought and who did not have the purchasing power to pay for it.

Today in 1939 they tell you that conditions are not sound because we are trying to build the sort of houses and other things which our people really need, and because we are trying to make sure that our people have the purchasing power to pay for these things when they are built.

They were unrealistic and theoretical when they were prophesying their new era in 1929. They are just as unrealistic and theoretical and wrong when they prophesy national bankruptcy in 1939.

To translate that into terms of the retail trade, the shelves of heavy industries and the shelves of retailers in 1929 were seriously overstacked. We did not think so then, perhaps, but we know it now. You know what happens to merchants of all kinds if they buy twice as much as the public can buy from them.

In the last analysis, therefore, consumer buying power is the milk in the coconut of all business.

Whether you are a big department store, or do business in a

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small way on the Main Street of a small town, your sales are dependent on how much money the average family in the community is earning. That is a homely way of putting it, but it is an eternal truth.

That is one reason why I have talked so much about the one-third of our population that is ill-clad and ill-housed and ill-fed. That third—forty million Americans—can buy very little at the stores and, therefore, I do not have to tell you that, their local stores can order very little at the factories. Some of my friends laugh at me when I stress that, laugh at efforts to establish minimum wages and to get more purchasing power for the lowest income groups. But the little and the big storekeepers understand, and know that they will sell more goods if their customers have more money. I want, and I think I have your help, to build up the purchasing power of the average of your customers and mine.

How shall we produce more customers with more money in their pockets?

One school of thought that we hear about is what I call the school of the gamblers. You find some of them in every community—as well as in Wall Street, and some of them, of the political variety, even in the halls of the Congress and State Legislatures.

That school is eager to gamble the safety of the Nation and of our system of private enterprise on nothing more than their personal hunch that if Government will just keep its hands off the economic system customers will just happen. I use the word “gamble” because there is no modern experience to support their theory.

In fact, modern experience denies their theory. Between 1925 and 1933—that is, March 4, 1933—the Government in this country of ours abandoned practically all concern for business and put into effect a tax system such as “Old Dealers” dream about. Customers and the buying power of customers were just left to happen. You and I know how many and how much happened.

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These people who are playing the "it may happen" hunch today are actually the wildest-eyed radicals in our midst, because despite proved failures they want to gamble on their own hunch once more.

In the other school of thought are the conservative New Dealers. And here is the proof: We are the conservatives, because we simply cannot bring ourselves to take radical chances with other people's property and other people's lives.

Now the owner of a private business may have the legal right to take a long chance that may make or break his personal fortune. If he alone goes out of business, the economic system is not endangered.

But the people who run the three branches of our Government do not have the moral right to gamble with the well-being of one hundred and twenty million Americans. If millions of citizens starve, it is no answer to the starving to say that in the sweet by-and-by business, left to itself, will give them a job. Partisans are going around the country scaring parents, who are not starving, by telling them of an increased national debt which their grandchildren will have to pay. Certainly that is not as alarming as telling parents who are already starving that an untrammelled business setup will provide their grandchildren with food in 1989. Yet that is what the radical gamblers of business and politics might have to say if they were to put their theories into practice in 1941.

Not one of you who are good Americans and practical Americans believes that we could repeat the catastrophe of those years immediately preceding and following 1929, and emerge from it with our economic and social system unchanged. No business man, big or little, can fairly or patriotically ask his Government to take a course of action that runs that risk.

That is why our school of thought—the conservative school—holds the view that an intelligent nation should rest its faith in arithmetic rather than in a hunch.

Today, in order to provide customers for business, your government uses Government capital to provide jobs, to prevent

farm prices from collapsing and to build up purchasing power when private capital fails to do it. For example, out of every dollar spent by the Federal Government to provide jobs, more than fifty cents passes over the counters of the retail merchants of America.

We also use what we call social legislation — such as legislation to encourage better pay for low-paid labor and thereby provide more and better customers for you; such as legislation to protect investors so that they may continue to be your customers without losing their savings in worthless stocks and bonds.

I wonder if you have any conception of the number of businessmen and bankers and economists whom I talk with briefly or at length in any given month of the year. I wonder if you have any conception of the variety of suggestions and panaceas that they offer me. I wonder if you know the very large percentage of them who honestly, and in good faith, and very naturally, think of national problems solely in terms of their own business. I wonder if you will be surprised if I tell you that most of them leave my office saying to me — “Why, Mr. President, I did not know about that. You have given me a new perspective. You have told me new things that are happening, new causes, new effects. I never thought of the problem in that way before.”

I sit in my office with a businessman who thinks the surest way to produce customers is to balance the Federal budget at once. I say to him, “How?”

Sometimes he says, “How should I know? That is your job.” Sometimes he says, “Cut the budget, cut it straight through 10 per cent or, 20 per cent.”

Then I take from my desk drawer a fat book and it is apparent at once from his expression that he has never seen or read the budget of the Government of the United States.

He tries to change the subject but I hold him to it. I say, “This budget is not all of one piece; it is an aggregate of thousands of items. I will, therefore, have to cut every item the 10 per cent or 20 per cent you ask or, if I do not do that I will have to cut some items very much more than 10 per cent or 20 per cent.”

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I point out the one and a half billion dollars for the Army and Navy. He pounds the desk and says in patriotic fervor, "Don't cut that item — not in these days."

I show him the item of a billion dollars for interest on the public debt. He owns some Government bonds, and he rejects any cut in his interest.

I show him the billion dollar item for war and civil service pensions. He says, "No, we couldn't get enough popular support to cut this."

I mention the billion dollars for running the permanent functions of the regular Government departments, and I tell him that they cost less today than under my predecessor. He readily agrees that the postmen and the G-men and the Forest Service and the customs people cannot be curtailed. The only people he would sever from the payrolls are the tax collectors. (*Laughter*)

That gets us down to a few other big items — totaling over four billion dollars to take care of four major things — payments for the benefit of agriculture, Federal public works (including P.W.A., reclamation and flood control), work relief for the unemployed (including C.C.C.), and assistance for our old people.

My visitor agrees with me that we are going through a transitional period seeking the best way to maintain decent prices for the farm population of America, trying to make them better customers of businessmen, and that even if we have not yet found the permanent solution we have got away permanently from 5 cent cotton and 10-cent corn and 30-cent wheat.

I come to the public works item. He suggests that that can be cut 50 per cent. I happen to know that his community is working tooth and nail to get a grant for a much needed new high school, and that his county suffered severe property losses from recent floods. I suggest that we start public works economy right there and not give the grants and that we defer building the school-houses or the levee or the flood control dam for twenty or thirty years.

In every case I find what I suspected. His local Chamber of Commerce, his local newspapers are "yelling their heads off" to

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have those projects built with Federal assistance. And I say to him: "Consistency, thy name is geography. You believe with the United States Chamber of Commerce that Federal spending on public works should cease — except in your own home town." (*Laughter*)

And then we come to the item of funds for work relief: there my visitor-customer makes a last stand. He wants that cut, and cut hard.

We agree that there are between three and four million American workers, who, with their families, need work to keep alive. I drive him to the inevitable admission that the only alternative to work is to put them on a dole.

That is where I make a stand.

I tell my visitor that never so long as I am President of the United States will I condemn millions of men and women to the dry-rot of idleness on the dole; never condemn the business enterprise of the United States to the loss of millions of dollars worth of customer purchasing power; never take the terrific risk of what would happen to the social and economic and political system of American democracy if we foisted on it an occasional market basket of groceries instead of the chance to work.

I well know the difficulties and the costs of a work policy.

I do not have to be told by any Congressional Committee or any United States Chamber of Commerce that 5 per cent of the projects are of questionable value — I know it. Or that 5 per cent of the people on relief projects ought not to be on the rolls — I know that too, and so do you. But when you think of nearly three million men and women scattered over all of the forty-eight states and all of the thirty-one hundred and some odd counties in America, I am proud of the fact that 95 per cent of the projects are good, and that 95 per cent of the people are properly on the rolls. And I know that the American people cannot be fooled into believing that the few exceptions actually constitute the general practice.

My friend across the desk murmurs something about old age pensions. He is a bit half-hearted about this, and he finally admits

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not only the need for dignified support of old age, given and accepted as a new American right, for all time to come from now on, but he realizes that over a period of years this support will have to be extended rather than reduced. You and I and all Americans agree that we must work out this problem for the old people of our Nation.

And so, at the end, my visitor leaves convinced, in nine cases out of ten, that I am not a complete and utter fool, and that balancing the budget today, or even next year, is a pretty difficult if not an impossible job.

And now we come to the other side of the budget, the receipts:

A few words about Federal taxes:

Federal taxes, I have discovered after about a quarter of a century in public life of one kind or another interspersed with various forays into business and the law, fall into three principal categories: consumer taxes like the taxes on cigarettes and gasoline and liquor; personal taxes, like the personal income taxes and the inheritance taxes; and, finally, taxes on corporations. Together, they yield nearly six billion dollars.

For good sound business reasons two things seem clear to me.

First, especially in view of the unbalanced budget, and in order to bring it more rapidly into balance, we ought not to raise less money from taxation than we are doing now.

You have with you a very delightful gentleman, a great merchant of London, Mr. Selfridge. I hope very much that you will put him into a corner and ask him about the taxes that he pays without a murmur to keep England afloat.

Secondly, it would be bad for business, to shift any further burden to consumer taxes. The proportion of consumer taxes to the total is high enough now. Remember, as businessmen and as retailers, that any further taxes on consumers, like a sales tax, mean that the consumers can buy fewer goods at your store.

Therefore, I want to leave the proportion between these three groups of taxes just where it is today.

That means that if we reduce so-called deterrent taxes on busi-

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ness corporations, we must find substitute taxes to lay on business corporations. That language is as plain as an old shoe. Let me give you an example of what I call making a mountain out of a mole hill. There is a great hullabaloo for the repeal of the undistributed earnings tax. You would think that this was the principal deterrent to business today. Yet it is a simple fact that out of one billion one hundred million dollars paid to the Federal Government by corporations, less than twenty million dollars comes to the Government from the undistributed earnings tax—less than 2 per cent of the total.

Let me proceed. I am wholly willing to have this twenty-million-dollar tax, which is less than 2 per cent of the total, wholly repealed on two simple conditions, which are based not on whim, not on hunch, but on principle.

The first is that this twenty million dollars shall be raised by some other form of tax against corporations and not against other groups of taxpayers, and that it shall be raised in such a way that it will be paid by the twenty-eight thousand bigger corporations, earning more than \$25,000 a year, and not by the one hundred and seventy-five thousand little corporations that earn less than that sum.

The second condition is that in the repeal of this tax we shall not return to the old tax evasion loophole by which a very small group of people with incomes in the very high brackets were able, until two years ago, to leave their profits in closely held corporations, thus avoiding the full rates of the higher brackets on their personal incomes. It seems to me that patriotic people everywhere will not want to go back to that old pernicious habit.

I have talked with you at some length about the radicals who have the hunch that we ought to go back to the conditions of 1929; about performing a major operation by amputating present functions of Government; and about the efforts of some who would reduce corporation taxes and add to consumer taxes.

But I would not have you believe that the conservative attitude of this Administration plans as any permanent part of our Amer-

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ican system an indefinite continuation of excess of out-go over cash receipts.

This week is dedicated by the opponents of the Administration to merchandising horror about the national debt. (*Laughter*)

We are having a National Debt Week like a National Clean-Up and a National Paint-Up Week. (*Laughter*)

Let us talk about the debt in businessmen's terms.

In the first place, a nation's debt, like the deposit liability of a bank, must be considered in relation to its assets.

A large part of the Government debt is offset by debts owed to the Government—loans of many kinds made on a business basis by the R.F.C. and the Farm Credit Administration, for example, loans that are now being repaid on schedule. Those assets are just as sound as the loans made by the bankers of the country.

Another portion of the national debt is invested in federally-owned enterprises, like Boulder Dam, which is finished, and Bonneville Dam, which is finished, and Grand Coulee Dam, a great irrigation project where we hope to put the Dust Bowl farmers, which will be finished in another year or so—projects which are paying out and will pay out, principal and interest, over a period of years.

A third part of the debt has been invested in works like flood control dams and levees, to save us from heavy future losses. They will pay for themselves in a very few years by eliminating annual property damage which each year has run into hundreds of millions of dollars—pay by the saving of taxable values which otherwise would have floated off down stream.

The next thing to remember about the debt is that Government, like businessmen, is investing in order to create a higher volume of business income and, therefore, a bigger net yield for Government and for business. National income will be greater tomorrow than it is today because Government has had the courage to borrow idle capital and put it and idle labor to work.

The year before I took office, 1932, our national income was thirty-nine billions. In 1937 it got up to sixty-nine billions. In

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1938 it went back almost to sixty-two billions. Today it is running at the rate of better than sixty-five billions. At eighty billions—and this is an eighty-billion-dollar country—the income from present taxes will be more than sufficient to meet expenditures on the present scale. Actually, when that time comes, the expenditures will be less because our relief bill will be lowered.

Today with no danger of surplus of goods overhanging the market—just because we have tried to keep consumer purchasing power up to production—the Nation is in an excellent position to move forward into a period of greater production and greater employment. That is my sincere belief and I believe that it is your belief too.

When, at the end of this famous week we are getting into, you see all the crocodile tears about the burden on our grandchildren to pay the Government debt, remember this:

Our national debt after all is an internal debt owed not only by the Nation but to the Nation. If our children have to pay interest on it they will pay that interest to themselves. A reasonable internal debt will not impoverish our children or put the Nation into bankruptcy.

But if we do not allow a democratic Government to do the things which need to be done, and if we hand down to our children a deteriorated nation, their legacy will be not a legacy of abundance or even a legacy of poverty amidst plenty, but a legacy of poverty amidst poverty.

Don't you agree that it is better to work unitedly to balance national income and national out-go at a level where Government can do the things that have to be done to preserve our people and our resources, than to play the speculative hunch and withdraw Government from lending the investment, from conserving property and from providing work for our capital and our people, in the hope that in some mysterious way a miracle will occur—a miracle which all our experience under modern conditions has proved impossible?

I keep saying, "Do not lose sight of the forest because of the trees." Let us always distinguish principles and objectives from

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details and mechanics. You cannot expect this Administration to alter the principles and objectives for which we have struggled for more than six years.

But if you approve of the purposes that lie behind our policies, but believe our operating methods can be improved, then your help and your counsel are welcome—doubly welcome in this Administration. That relates to the details of taxation, the details of relief, the details of every administrative branch of the Government in Washington and in every State.

If I have spoken to you seriously tonight, it is because I believe that you, too, are thinking of the well-being of every man, woman and child in our country and that you go along with me in every effort that I can make for the preservation of world peace and for the preservation of domestic peace—not merely an armed peace which foregoes war for the moment, but a peace that comes from a knowledge, both at home and abroad, that there will be no further acts of aggression on the part of nations, on the part of groups or on the part of individuals. You think, rightly, of profits in your own business. So does every other American. So do I. But we are not ruled by the thought of profits alone. More and more we seek the making of profits by processes that will not destroy our fellow men, who are our neighbors.

That is one of the functions of your Government. It seeks your cooperation in the extension of that ideal. It is open to your advice and your help, because it believes that its fundamental ideals and yours are the same.

That is why I came to you not in the spirit of criticism, not wielding a big stick, but coming with a simple plea for your assistance as American citizens in working out our common problems with good will and with the maintenance of the ideals of peace.

82 ¶ The President Takes Steps to Expand the Economic Cooperation Between Nicaragua and the United States. May 22, 1939

His Excellency  
General Anastasio Somoza,  
President of Nicaragua.

*Excellency:*

I HAVE received with great satisfaction Your Excellency's communication of May 22, 1939, expressing appreciation for the courtesies which it has been possible to extend to you in the course of your visit in the United States. Needless to say, it has been a very real pleasure for us to have had the opportunity of knowing you and of hearing from you the expressions of the sincere friendship of the Government and people of Nicaragua for this country. I fully share Your Excellency's conviction that increased cooperation between two friendly neighbors will further the common interests of this hemisphere.

I have noted with special interest the statement of the objectives of your Government of promoting the development of mutually beneficial economic relations between Nicaragua and the United States, and developing the national economy and natural resources of Nicaragua. As you well know, the Government of the United States is greatly desirous of taking any steps possible in order to continue and expand the economic cooperation between Nicaragua and the United States.

I

The objective of Your Government of providing adequate transportation facilities as a major step toward the development of production and foreign commerce of the nation appears to me to be entirely sound.

Regarding your suggestion for the canalization of the San Juan River for vessels of moderate draft, I have been pleased to in-

## *82. Economic Cooperation With Nicaragua*

struct the United States Army Engineer Corps to make the necessary studies and surveys of a canalization and highway project to link the eastern and western regions of Nicaragua. I am impressed with the thought that such a project would very greatly facilitate and expedite communications between your country and mine and by opening new areas to the production of complementary non-competitive products would provide new bases for an increase in commerce between those areas and the United States. Moreover, it is obvious that should occasion arise, the existence of such a waterway would have a very important bearing upon the defense of the hemisphere.

As soon as the necessary financial arrangements can be made in this country, a board of four officers of the Corps of Engineers, accompanied by an official of the United States Engineer Department and an officer of the Army Medical Corps, will be sent to Nicaragua. It is expected that the board would leave for Nicaragua next July and would be able to carry out the studies of the project within a few months. Upon the basis of their reports we can take such further action as seems in the common interest of our two countries.

### II

The Government of the United States is also pleased to cooperate in the construction of certain sections of the proposed Pan American Highway, useful lateral feeder roads, and other projects. In order to expedite this construction, I am prepared to detail under the authority of Public No. 63 — Seventy-sixth Congress, available engineers of the Bureau of Public Roads for temporary service with the Nicaraguan Government for engineering advice and supervision. Moreover, the Export-Import Bank of Washington will assist in arranging certain credits to finance the purchase of United States equipment, materials and services for the construction of highways and other productive projects.

### III

I am in the fullest accord with Your Excellency's opinion that expansion of economic relations between Nicaragua and the

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United States will be facilitated by the prompt payment at all times of commercial obligations to United States nationals and concerns, and by the elimination of unusual fluctuations in the rate of exchange of the cordoba and those arising out of the irregular timing of international in- and out-payments. The Export-Import Bank will assist in the attainment of this objective by the extension to the National Bank of Nicaragua of a credit. A copy of a communication in regard to these matters addressed to you by the President of the Export-Import Bank is enclosed as Appendix A.

### IV

The Government of the United States is keenly interested in cooperating with the Government of Nicaragua in every possible way in the study and development of non-competitive agricultural products which will complement production in the United States. As you are aware, legislation has already been enacted which authorizes the loan of experts of the Government of the United States to assist in specialized agricultural studies and developments, and suitable provisions are under consideration to enable the Government of the United States to undertake surveys of agricultural resources of foreign countries and assistance in the development of production of manila hemp, rubber and other non-competitive products.

### V

In accordance with your request the Department of War has agreed to assign a qualified officer to act as director of the Military Academy of the Nicaraguan National Guard and arrangements will be made for the officer so detailed to carry out the necessary studies with respect to the project of the Nicaraguan Government for the establishment of a military aviation school.

I am confident that the investment by citizens of the United States of their capital and technical knowledge in the development of Nicaragua's mineral and agricultural resources will contribute to the sound expansion of the national economy and it has been reassuring to receive Your Excellency's statement that

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the Government of Nicaragua will give the fullest encouragement to present and future investments of this nature.

I extend, Excellency, the assurances of my highest and most distinguished consideration.

(Appendix A attached to the foregoing letter.)

His Excellency  
General Anastasio Somoza,  
President of Nicaragua.

*Excellency:*

I HAVE the honor to refer to your communication of this date to the President of the United States.

The Export-Import Bank of Washington will undertake either directly or through United States commercial banks to provide credits for the National Bank of Nicaragua in order to assist it to attain the expressed objectives of the Government of Nicaragua of encouraging the development of Nicaraguan foreign commerce and economic relations with the United States by meeting promptly at all times commercial obligations to United States nationals and concerns and eliminating unusual fluctuations in the rate of exchange of the cordoba and those resulting from the seasonality of major export crops. The total amount of such credits shall not exceed \$500,000 at any one time, and such credits are to be utilized from time to time as required prior to June 30, 1941.

To permit the National Bank of Nicaragua ample opportunity to liquidate its obligations under the credit it is proposed that each availment thereunder shall be payable in equal quarterly installments during a period not exceeding thirty-six months, and the rate of interest shall be 3.6 per cent per annum. Details and other conditions of the transaction will hereafter be arranged between the Export-Import Bank and the National Bank of Nicaragua, but it shall be understood that all obligations under this arrangement shall be liquidated on or before June 30, 1944. Availments under the line of credit shall have the approval of the National Bank of Nicaragua and the Export-Import Bank.

To aid in improving Nicaragua's transportation facilities and the development of other projects designed to increase the productive capacity of the Nicaraguan people and their trade with the United States, the Export-Import Bank will cooperate with United States manufacturers and exporters and with the Nicaraguan Government in arranging for the financing in the United States of equipment, materials and technical

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services not available in Nicaragua. It is envisaged that the construction program may entail the extension of credits by the Export-Import Bank of as much as \$2,000,000 prior to June 30, 1941.

We are informed that available engineers of the Bureau of Public Roads will be detailed by the President to the Government of Nicaragua to furnish engineering advice and supervision, but that in order to carry on the proposed construction, they must be supplemented by the employment by the Government of Nicaragua in agreement with the Export-Import Bank of additional engineers and other technical assistants.

We understand that individual expenditures under the construction program shall follow examination of the feasibility and utility of particular projects and certification as to their necessity by the Government of Nicaragua and the Export-Import Bank.

To permit the improvements under consideration to be carried forward as rapidly as is consistent with sound financial policy it is contemplated that the credits will take the form of discounting, under conditions to be agreed upon by the Government of Nicaragua and the Export-Import Bank, of serial notes to be issued from time to time by the Government of Nicaragua bearing interest at the rate of 5 per cent per annum and maturing over a period of seven years.

During the time the Export-Import Bank is in position to assist in providing or arranging for these credits, and to the extent that its funds may be available for this purpose it will be pleased to cooperate as indicated above with the Government of Nicaragua.

Sincerely yours,

(Signed) WARREN LEE PIERSON  
President

(Export-Import Bank of Washington)

*NOTE:* The foregoing correspondence marks the beginning of an expanded economic cooperation between this country and the Republic of Nicaragua, which is indicative of the practical operation of the good neighbor policy adopted by this Administration toward all the American Republics.

The correspondence was exchanged between President Somoza

of Nicaragua and myself during his visit to the United States on an economic and good-will mission.

Some of the major points discussed in the exchange of letters were the following:

Nicaragua has for a long time wished to bring about the canalization of the San Juan River, so that vessels of moderate draft might use it to provide easy and inexpensive

## 82. *Economic Cooperation With Nicaragua*

freight and passenger transportation between the eastern and western parts of Nicaragua.

I promised President Somoza that as soon as the necessary financial arrangements could be made in this country to defray the expenses, a board of army officers of the United States Corps of Engineers would be sent to make the necessary studies and surveys, and to determine the expense of constructing such a canal.

The Congress appropriated \$200,000 to defray the expenses of the studies and surveys. In the summer of 1939 a Board of Engineers from the United States Army Corps of Engineers went to Nicaragua to make surveys, and to report thereon.

A second project was to assist Nicaragua in the construction of a section of the proposed Pan American Highway through Central America (see Item 38A, 1934 volume). In order to do this a loan of \$2,000,000 was made to Nicaragua by the Export-Import Bank. It is being expended under the supervision of the Bureau of Public

Roads of the United States. The original rate of interest on this loan was 5 per cent per annum. In view of the fact, however, that a rate of 4 per cent was subsequently granted on loans to certain other South American countries, the United States Government has recently voluntarily reduced the rate on this loan from 5 per cent to 4 per cent.

A third project was assistance in the study and development of agricultural products which do not compete with those of the United States. A committee of American rubber experts was sent by the United States to make a survey of the possibilities for the production of rubber in Nicaragua.

Also, upon the request of the Government of Nicaragua, an Army officer of the United States was sent to Nicaragua to act as Director of the Military Academy of the National Guard of Nicaragua.

All these acts have served to carry out in a practical way the principles of cooperation among good neighbors, which forms the foundation of our policy with respect to the Western Hemisphere.

84. *Refugee Problem*

83 ¶ A Recommendation to Postpone Resale Price-Fixing Legislation in the District of Columbia. May 24, 1939

*My dear Mr. President:*

MY ATTENTION has been called to H.R. 3838, which would render legal in the District of Columbia contracts for the maintenance of resale prices. A study of "fair trade acts," which is a term applied to resale price maintenance statutes, has been begun by the Federal Trade Commission, and the Temporary National Economic Committee has under consideration a study of general marketing laws, including fair trade acts and statutes having to do with prices and price policies.

In view thereof, this bill should not, in my judgment, receive the consideration of the Congress until the aforesaid studies of the subject matter of such legislation have been reported upon by the Temporary National Economic Committee and by the Federal Trade Commission.

Very sincerely yours,

Hon. John N. Garner,  
President, United States Senate,  
Washington, D. C.

(On the subject of resale price maintenance legislation, see also Items 48 and 99, 1937 volume, and notes thereto; and note to Item 59, page 328, 1938 volume.)

84 ¶ The President Stresses This Government's Interest in the Refugee Problem. June 8, 1939

*My dear Mr. Taylor:*

I WISH to set forth certain considerations and suggestions for your guidance in connection with the forthcoming meeting of the Intergovernmental Committee:

#### *84. Refugee Problem*

(1) The refugee problem continues and will undoubtedly continue for a long time to come. It may at any time be greatly aggravated by a new wave of persecution in Germany. In the normal course of events it may be expected gradually to diminish quantitatively in Germany, but to increase quantitatively in Eastern Europe.

(2) This Government's interest in efforts to bring about a solution of the problem is strong. This Government was primarily responsible for the creation of the Intergovernmental Committee. As and when direct action by this Government is required in connection with the refugee problem, this Government has naturally preferred to take such action through the Intergovernmental Committee rather than through any other agency.

(3) At the same time, the imminent establishment of the Refugee Foundation and the opening up by the Committee of opportunities in various parts of the world for mass settlement have created a new situation, requiring a new integration of private and governmental effort.

(4) The Foundation, which was envisaged in the Rublee plan and is being set up in accordance with that plan, is designed to be in a position to negotiate more effectively with the German authorities concerning financial, and perhaps other questions than could the committee. I assume that the Foundation will be ably directed and wholeheartedly supported by the private interests most deeply concerned. Without such support governmental effort can be of little avail.

(5) The financing and administration of settlement projects must be undertaken by private corporations specifically organized for the purpose in cooperation with the Foundation.

(6) The terms of reference of the League of Nations High Commissioner for Refugees permit him to negotiate with Governments of countries of immigration for the further development of opportunities for settlement.

(7) It must reluctantly be admitted that this Government's efforts to stimulate concrete action by other Governments to meet the problem have been met at best by a lukewarm attitude. In

#### *84. Refugee Problem*

view of the attitude of other Governments, and the reluctance which many of them have shown to contribute toward the Committee's expenses during its first year, it is apparent that few Governments are willing to contribute on the present basis to the Committee's support for another year.

(8) In the absence of drastic changes in governments and attitudes, if not of human nature, in Europe, the problem in its larger aspects appears almost insoluble except through a basic solution such as the development of a suitable area to which refugees could be admitted in almost unlimited numbers. Whether the Committee could best contribute toward the attaining of such a solution or whether it should be sought through other means is open to question. I am convinced, nevertheless, that every effort must continue to be made to attain a practicable solution along those lines.

In view of the foregoing considerations I envisage that the nature of the Committee in the future should be along the following lines:

Subject to general approval, the Intergovernmental Committee should take steps to turn over its function of negotiating with the Governments of countries of settlement to the League of Nations High Commissioner for Refugees. If this is done, this Government is disposed to contribute to the expenses of the High Commission for this purpose. It should turn over its function of negotiating with the authorities of the country of origin to the Foundation. In making this change every effort must be exerted to minimize the risk of unfavorable reaction in Germany.

The Intergovernmental Committee should continue in existence though in an inactive form. It might well be composed of the diplomatic representatives in London of the member Governments. If this idea is adopted, the Committee will need at most only a nominal staff and no permanent offices. It should be in a position to meet at short notice if circumstances make its revival necessary. Contributions toward its support should be purely voluntary and in such amounts as the member Governments might consider appropriate.

#### 84. *Refugee Problem*

I wish again to emphasize, that this Government's interest in practical efforts to solve the problem continues strong and unabated. It will be prepared to exert its influence, through the Committee and through diplomatic channels, to assist the High Commissioner, the Foundation and the settlement corporations in the carrying out of their tasks.

Very sincerely yours,

Myron C. Taylor, Esq.,  
71 Broadway,  
New York, N.Y.

*NOTE:* In March, 1938, I enlisted the cooperation of thirty-two governments in an effort to find some refuge for the hundreds of thousands of people who were seeking asylum from the political persecution and religious intolerance in Nazi Germany. Pursuant to my request, the Intergovernmental Committee was established, and it held meetings at Evian and London in July and August, 1938, and February, 1939.

The machinery for handling the problem was set up, new areas of possible refuge and settlement were investigated, and negotiations were opened with the German Government in an attempt to relieve pressure upon the emigrant at the source and to provide some plan for the financing and orderly emigration of refugees. The results of the conversations were contained in the "Ruble plan," which outlined the terms of the German Government for financing the emigration of refugees through an internal

trust fund made up of Jewish property within Germany and an external corporate purchasing agency supported by foreigners (see Item 38 and note, 1938 volume).

Mr. Myron C. Taylor, to whom I addressed the above letter, was my personal representative at the Evian Meeting in July, 1938. Mr. Taylor had played an active and vigorous role in the formation of the Intergovernmental Committee, and at the time the above letter was written he held the post of vice-chairman of the Committee.

At the third meeting of the Intergovernmental Committee held in London on February 14, 1939, Sir Herbert Emerson was chosen Director to succeed Mr. George Rublee, who had to resign to return to this country. The appointment of Sir Herbert Emerson was a fortunate one, inasmuch as he was also the League of Nations High Commissioner for Refugees. This government's policy, as envisaged in the foregoing letter to

#### *84. Refugee Problem*

Mr. Taylor, was directed toward bringing about an increasing amount of collaboration between the High Commission and the Intergovernmental Committee.

Following the London Meeting, in February, 1939, American and British financiers discussed the possibilities of setting up a Refugee Foundation, as noted in the above letter. At the fourth meeting of the Intergovernmental Committee, held in London, July 20, 1939, Director Emerson reported that a Coordinating Foundation was about to be established in London to assist in carrying out the terms of the Rublee plan. The Foundation, to be headed by former Premier Paul van Zeeland of Belgium, contemplated having a capital of a million dollars, half of which was to be supplied by American interests, and approximately one-third by British interests, with the balance by representatives of France, Holland, Belgium, Switzerland and the Scandinavian countries.

Lord Winterton, the chairman of the Intergovernmental Committee, then stirred the London meeting by advancing the British proposal for governmental financing of refugee resettlement. However, no definite action was taken upon this proposal because the delegates at the meeting did not have the authority to make such a decision without the ratification of the legislative bodies of their governments.

Despite the fact that other coun-

tries proceeded in accordance with the Rublee plan, the German Government failed to set up an internal trust inside Germany. Nevertheless, the Intergovernmental Committee did succeed in alleviating some of the pressure upon potential emigrants.

However, the refugee problem was complicated by the fact that countries bordering upon Germany were rapidly closing their frontiers. Although many well-to-do refugees had escaped from Germany, a great percentage of those remaining were poor in material resources and personal qualifications. Further, the economic, political and religious pressure was becoming more intense in other countries of central Europe.

According to Sir Herbert Emerson, the director of the Intergovernmental Committee, it was estimated that just prior to the outbreak of the war, the following groups had to be emigrated:

1. To be emigrated from Germany — confessional Jews — 167,000.
2. To be emigrated from Austria — confessional Jews — 42,000.
3. To be emigrated from Greater Germany — non-Aryan Christians — 127,000.
4. To be re-emigrated from European countries of temporary refuge — 140,000.
5. To be re-emigrated from non-European countries of temporary refuge — 16,000.

On the eve of the outbreak of the

### 85. *Toast to King George VI*

war, definite progress had been made in investigating new lands available for settlement. Sir Herbert Emerson reported that a London Commission investigating the possibilities of settlement in Northern Rhodesia had concluded that not more than 400 or 500 families could be settled in this area. However, regarding British Guiana, a Commission organized by the Advisory Committee on Political Refugees (see note to Item 38, 1938 volume) reported that trial settlement in a number of camps should be started on a small scale, to be

expanded if successful. In the Dominican Republic, a similar Commission reported that it would be possible to settle 29,000 families in accordance with the generous offer of the Dominican Government, after preliminary tests had been made.

Mr. Taylor extended my invitation to the Intergovernmental Committee to meet in Washington, and the Committee assembled there on October 17, 1939, despite the fact that war was already in progress (see note to Item 143, this volume).

## 85 ¶ A Toast to His Majesty, King George VI, at the White House, Washington, D.C. June 8, 1939

*Your Majesties:*

IN THE life of a nation, as in that of an individual, there are occasions that stand out in high relief. Such an occasion is the present one, when the entire United States is welcoming on its soil the King and Queen of Great Britain, of our neighbor Canada, and of all the far-flung British Commonwealth of Nations. It is an occasion for festivities, but it is also fitting that we give thanks for the bonds of friendship that link our two peoples.

I am persuaded that the greatest single contribution our two countries have been enabled to make to civilization, and to the welfare of peoples throughout the world, is the example we have jointly set by our manner of conducting relations between our two nations.

It is because each nation is lacking in fear of the other that we have unfortified borders between us. It is because neither of us fears aggression on the part of the other that we have entered no race of armaments, the one against the other.

### *85. Toast to King George VI*

The King and I are aware of a recent episode. Two small uninhabited Islands in the center of the Pacific became of sudden interest to the British Empire and to the United States as stepping stones for commercial airplanes between America and Australasia. Both nations claimed sovereignty. Both nations had good cases. To have entered into a long drawn out argument could have meant ill-will between us and delay in the use of the Islands by either nation. It was suggested that the problem be solved by the joint use of both Islands by both nations, and, by a gentleman's agreement, to defer the question of ultimate sovereignty until the year 1989. The passage of fifty years will solve many problems.

If this illustration of the use of methods of peace, divorced from aggression, could only be universally followed, relations between all countries would rest upon a sure foundation, and men and women everywhere could once more look upon a happy, prosperous and a peaceful world.

May this kind of understanding between our countries grow ever closer, and may our friendship prosper. Ladies and gentlemen, we drink to the health of His Majesty, King George VI.

86 ¶ “We Seek Peace by Honorable and Pacific Conduct . . . but That . . . Must Never Be Mistaken for Weakness on the Part of the United States.” Graduation Address at United States Military Academy, West Point, New York. June 12, 1939

*Superintendent Benedict, Fellow Officers, Members of the Class of 1939:*

**I** TAKE pleasure in greeting you as colleagues in the service of the United States. You will find, as I have, that that service never ends—in the sense that it engages the best of your ability and the best of your imagination in the endless adventure of keeping the United States safe, strong and at peace.

You will find that the technique you acquired can be used in many ways for your country, for the Army of the United States has a record of achievement in peace as well as in war. It is a little appreciated fact that its constructive activities have saved more lives through its peacetime work and have created more wealth and well-being through its technical operations, than it has destroyed during its wars, hard-fought and victorious though they have been.

With us the Army does not stand for aggression, domination, or fear. It has become a *corps d'élite* of highly trained men whose talent is great technical skill, whose training is highly cooperative, and whose capacity is used to defend the country with force when affairs require that force be used.

But it has also been made available to organize, to assist, and to construct, when battles have to be waged against the more impersonal foes of disaster, disease, or distress.

This is sound Army work; for the military strength of a country can be no greater than its internal economic and moral soli-

*86. Graduation Address at U.S. Military Academy*

curity, and the task of national defense must concern itself with civilian problems at home, quite as much as with armed forces in the field.

The alteration of economic life in this past generation has almost completely changed the task which you assume today. Your predecessors, commissioned Second Lieutenants as short a time back as ten years ago, would find many of your problems unfamiliar.

Technical developments have transformed methods of warfare. They have required revision of tables of organization of armies, as aviation, motorization and mechanization became the military necessities of the day. The individual fighting plane of yesterday, of the World War period, has been supplanted by the cohesive squadron; the motor vehicle rumbles where once trod the weary feet of marching men; the infantry tank and cavalry combat car clatter where formerly the dismounted soldier engaged in personal combat.

The machine age has laid its iron grip upon the world's armies; and technical developments have demanded the modernization of our military establishments, a program which has been prosecuted vigorously during the past six years. During recent months international political considerations have required still greater emphasis upon the vitalization of our defense, for we have had dramatic illustrations of the fate of undefended nations. I hardly need to be more specific than that. We seek peace by honorable and pacific conduct of our international relations; but that desire for peace must never be mistaken for weakness on the part of the United States.

Yet experts tell us that though technical change has transformed modern warfare, the coming of the machine does not mean that we shall ever have a robot war from which the primary human elements, courage, heroism, intelligence and morale will have departed. So, far from submerging men, the modern developments emphasize their responsibilities.

Recent conflicts in Europe, the Far East and Africa bear witness to the fact that the individual soldier remains still the con-

### *86. Graduation Address at U.S. Military Academy*

trolling factor. The tactics of the future intensify, rather than diminish, the necessity for high qualities of individual leadership. The object of developing aviation, motorization, and mechanization is to attain the highest possible degree of mobility.

And for us especially this is essential; the vast expanse of territory of a nation as large as the United States renders economically impracticable the maintenance of fixed defensive installations at all vital strategic centers, even were these desirable as a matter of military policy. Yet this greater mobility in turn means that units, whether platoon, regiment, or division, may be widely dispersed — the units being broken down to the point where the individual is “on his own.”

During campaigns, units are increasingly scattered, as we know; in actual battle, they may be widely apart. The strain upon those who command the individual units calls for qualities of leadership perhaps never before required in military history. Though the day of the individual champion may have passed into history, the day of the leader of small and large units is still young.

Leadership has meaning only as it brings about cooperation. When men are working upon a great problem, but must work by themselves, or in small groups without close contact, there is danger that they may not pull in the same direction. Cooperation, therefore, means discipline, not meticulous though unthinking obedience to guardroom technique, nor blind mass cooperation of a Macedonian phalanx or the close-order attack. Discipline is the well-tempered working together of many minds and wills, each preserving independent judgment, but all prepared to sink individual differences and egotisms to attain an objective which is accepted and understood. When men are taken far apart by mechanics and specialization, teamwork is far more essential than when they are close together; for it must be teamwork of the mind as well as of the body.

Some of you, no doubt, in fullness of time will find yourselves with responsibilities even greater than those of bringing about the cooperation of military units. When the supreme test of war comes — and I hope it never will — an army, to be effective, must

## *86. Graduation Address at U.S. Military Academy*

command the cooperation of all elements in national life. The men then charged with the national defense, from the Commander-in-Chief, in his capacity as Commander-in-Chief, and the same man in his capacity as President of the United States, down to the youngest Second Lieutenant in the Army, and down to the most recently recruited private—must all be able to bring into harmonious action the civilian instruments of production, of transport, and of finance. They must deal with labor, with industry, with management, with agriculture, and with costs.

To do that requires sympathetic knowledge of how other men's minds work and of processes by which non-military life operates. There is no greater quality of discipline than the ability to recognize different techniques and different processes, and by persuasion and reason to bring these divergent forces into fruitful cooperation.

You have seen the problem in its smaller aspects here at West Point. Let me commend to you in your Army careers a continuous study of problems outside as well as inside the military field, as the necessary preparation for the greatest success in your chosen work.

These qualities of cooperation and discipline, and the self-restraint and self-reliance that make them useful, are the very fabric of modern life. If it can be developed internationally as well as nationally, we shall be materially nearer to a realization of our hopes for peace.

Recently our Nation has had the pleasure of a visit from King George VI, as a courteous recognition of the cordiality and the good will that prevail between two great nations. Its significance lay in the fact that friendship could exist between the two countries because both nations were without fear of any act of aggression of the one against the other. To achieve that result, strength is needed: strength which comes, not from arms alone, but from restraint, from understanding and from cooperation, which, in turn, are the products of trained and disciplined minds.

I am sure the lessons you have learned at West Point will be of use in peace, no less than war; and that in you the Nation will take the same pride, maintain the same confidence, as,

*87. Association for Advancement of Colored People*

through the generations it has held for the officers of the Armies of the United States.

Gentlemen of the Graduating Class, I congratulate you upon the completion of your course at the Military Academy; and I wish for you in the days to come all the good luck in the world.

87 ¶ A Greeting to the National Association for the Advancement of Colored People.

June 13, 1939

*Dear Mr. White:*

THE OPPORTUNITIES of a democratic people to participate in national progress are legion. Their responsibilities for sharing in the achievement of that progress are equally great. We delight in recognizing the contributions which members of the Negro race have made to American life and the part which they have had in the progress of the nation.

My sincerest wish for all of you is that your opportunities may be increasingly shared and your responsibilities continuously accepted in helping the Negro race to hold fast to the advancements already made and in moving forward to higher planes of accomplishment. As an integral group in our American democracy we look to you to uphold its ideals, to help to carry its burdens and to partake of its blessings.

In extending cordial greetings to the Thirtieth Annual Conference of the National Association for the Advancement of Colored People, may I express the hope that the Negro race will find steadily expanding fields in which to serve with industry, loyalty and distinction.

Very sincerely yours,

Mr. Walter White,  
National Association for the Advancement of Colored People,  
New York, N. Y.

## 88 ¶ Congressional Consent Is Requested for the Extension of the Interstate Compact to Conserve Oil and Gas. June 15, 1939

*To the Congress:*

I TRANSMIT herewith a report of the Secretary of State enclosing a certified copy of An Agreement to Extend the Interstate Compact to Conserve Oil and Gas, executed as of April 5, 1939, by the Governors of the States of Oklahoma, New Mexico, Kansas, Colorado, Texas, and Michigan, which has been deposited in the archives of the Department of State in accordance with the provision contained therein.

The agreement refers to the interstate compact to conserve oil and gas executed at Dallas, Texas, on February 16, 1935, which received the consent of the Congress in Public Resolution No. 64, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 939). As that compact would have expired on September 1, 1937, an agreement extending its provisions for two years was executed as of May 10, 1937, by the Governors of the States of Oklahoma, Texas, Kansas, New Mexico, and Colorado, and received the consent of Congress in Public Resolution No. 57, Seventy-fifth Congress, approved August 10, 1937 (50 Stat. 617).

As the above-mentioned compact, in accordance with the extension agreement of May 10, 1937, will expire on September 1, 1939, the present agreement provides that the original compact shall continue in force for two years from that date. In a letter from the Acting Secretary of the Interior dated June 8, 1939, enclosed with the report of the Secretary of State, the opinion is expressed that suitable legislation should be enacted by the Congress giving its consent to the extension to September 1, 1941, of the Interstate Compact to Conserve Oil and Gas.

Accordingly, I hope that Congress will enact legislation giving its consent to the agreement executed as of April 5, 1939, as required by Article I, section 10, of the Constitution of the United States.

### *89. Self-Liquidating Public Works*

(For the 1935 and 1937 compacts to conserve oil and gas, see Item 103, 1935 volume, and Item 90, 1937 volume.)

## 89 ¶ A Suggestion with Respect to Self-Liquidating Public Works. June 21, 1939

*Dear Senator Byrnes:*

I HAVE your letter of the 19th in which you ask my position as to the provision of the "Work Relief and Public Works Appropriation Act of 1939" as passed by the House of Representatives (H. Res. 326) which would allot \$125,000,000 to the Public Works Administration for loans and grants for non-Federal public works.

I am opposed to this provision. It means simply that 165,000 men who are badly in need of work will have to be dropped from the Works Progress Administration rolls; men who in the great majority of cases are the sole support of families whose subsistence depends on this slender income. What will happen to most of these men is that they will be forced onto already overburdened direct relief rolls of cities, towns and counties, or, if these are insufficient to care for them, onto private charity.

I believe there is a better way to accomplish the laudable purposes of this bill. The great majority of people of this country have come to realize that there are certain types of public improvements and betterments which should be undertaken at times when there is need for a stimulus to employment. At such times the Federal Government should furnish funds for projects of this kind at a low rate of interest, it being clearly understood that the projects themselves shall be self-liquidating and of such a nature as to furnish a maximum of employment per dollar of investment.

There seems no reason why there should not be adopted as a permanent policy of the Government the development and maintenance of a revolving fund fed from the earnings of these gov-

### *89. Self-Liquidating Public Works*

ernment investments and used to finance new projects at times when there is need of extra stimulus to employment. Such times will recur in the future, as they have in the past, and there will always be need for public facilities and improvements in our natural resources which can be most profitably met by the use at times of greatest need of employment of the accumulated receipts of such a revolving fund.

At my suggestion, various departments and agencies of the Government have canvassed the situation to find projects which will meet genuine public needs—projects that can be put under way quickly and, of great importance, will be self-liquidating. They have found a variety of such projects which have stood the test of careful scrutiny and which hold the promise of a great volume of productive expenditure and employment. I believe this is a much sounder method of dealing with the problem than the diversion of \$125,000,000 of work-relief funds. All can be financed through the issuance of guaranteed securities by Government agencies with good prospect of repayment of both principal and interest through earnings.

I have caused estimates to be made of the extent of the field for investment of funds in revenue earning channels on a self-liquidating basis and in no way competitive with private enterprise. The estimates are, I believe, conservative. The types of projects I have in mind are listed below, together with the sums which, it is estimated, can be put to work to provide employment for men and machines in diverse lines of industry within the coming fiscal year. These projects are in addition to programs already submitted.

This program would stimulate a greater amount of productive expenditure than is indicated by the total estimated loan disbursements of \$870 millions for the fiscal year 1940. Some parts of it will involve additional local expenditures not financed by Federal funds, and other indirect expenditures will be generated.

To give effect to the program outlined above, some supplementary legislation will be necessary. As a part, however, of the

### 89. Self-Liquidating Public Works

	Program Duration (years)	Total Amount of Program	Loan Disbursements Fiscal Year 1940
<b>I. Federal Works Agency</b>			
(a) Non-Federal public works: Projects of the self-financing type to be financed by loans at sufficiently low rates of interest to stimulate borrowing for this purpose. The type of projects would be water-works, sewage disposal plants, bridges, hospitals, and other municipal projects.	2	\$ 350,000	\$150,000
(b) Express Post-Roads: Self-liquidating toll roads: bridges, high-speed highways and city by-passes.	4	750,000	150,000
(c) Railroad Equipment: Authority to purchase all types of railroad equipment which is to be leased to railroads at a rate which will return the cost to the United States over a period of years. Carriers would have the option to buy the leased equipment.	3	500,000	100,000
<b>II. Department of Agriculture</b>			
(a) Rural Electrification: Expansion of present rural electrification program to reach a maximum of 1 1/4-million rural families not now receiving electric service nor likely to receive such service in the near future.	7	460,000	20,000
(b) Farm Tenant Program: Expansion of the self-liquidating portion of the program of the Farm Security Administration for tenant farm purchases, rehabilitation program, loans for minor improvements and repairs, loans to resettlement cooperatives, and loans for water facilities.	2	500,000	250,000
<b>III. Foreign Loans</b>			
Extension of short- and long-term loans to foreign governments for the purpose of promoting our foreign trade. The proceeds of these loans would be spent in the United States and would be used for development and reconstruction purposes in the foreign country.	2	500,000	200,000
<b>TOTALS</b>		<b>\$3,060,000</b>	<b>\$870,000</b>

whole program for stimulating productive employment, I include another proposal which will not require legislation in addition to that now pending. This is the expansion of the public housing program of the United States Housing Authority through extending its borrowing power by \$800,000,000. I have already indicated my approval of this legislation.

If you think well of such a program as I have outlined I shall

*90. Hardships Imposed in Relief Bill*

be glad to confer with you and your colleagues and with Members of the House of Representatives. I am sending copies of this letter to the Chairman of the Appropriations, Finance and Banking and Currency Committees of the Senate and to the Chairmen of the Ways and Means, Banking and Currency and Appropriations Committees of the House.

Sincerely,

*NOTE:* The occasion of this letter was a proposal by Senator Byrnes in connection with the Emergency Relief Appropriation Bill, which was then pending in the Congress, pursuant to my message of April 27, 1939 (see Item 71, this volume). Senator Byrnes had asked my opinion with respect to a provision which the Appropriations Committee of the House of Representatives had inserted in the bill, taking \$125,000,000 out of the amount I had recommended for WPA and transferring it to PWA.

Experience with WPA and PWA had indicated that PWA contractors did not in fact employ a large proportion of their workers from relief rolls, whereas practically all WPA workers were taken from re-

lief rolls. In fact, the statistics show that in 1936 less than one-third of the employees on PWA projects were persons in need of relief. Consequently, the transfer of this sum of money would have meant, as I pointed out in my letter to Senator Byrnes, the dropping from WPA employment of 165,000 men badly in need of work. I therefore indicated my very strong opposition to this project; and, in the letter, suggested an alternative one.

As a result, the proposed transfer was not made. My alternative suggestion, however, although it was passed in modified form by the Senate on July 31, 1939, was not adopted by the House of Representatives, and therefore did not become law.

90 ¶ Presidential Statement on Signing Work Relief Bill, Pointing out Hardships Imposed Therein. June 30, 1939

THIS is another main appropriation bill for the fiscal year beginning tomorrow, July first. It comes to me from the Congress at 10 P.M. on June 30th.

*90. Hardships Imposed in Relief Bill*

Obviously I cannot withhold my signature and thereby stop work relief for the needy unemployed.

The bill contains, however, a number of provisions which will work definite hardship and inequality on more than two million American citizens—about eight million if we count in their families—people who through no fault of their own are in dire need.

I call attention to some of the hardships imposed by this bill:

(a) It requires that security wages in different localities shall not be varied in greater degree than is justified by differences in the cost of living. But the same provision also requires that the current national average security wage shall be maintained. The net result of this will probably impose a reduction in security wages in northern and western areas, and a corresponding rise in that portion of the nation which has a warmer climate.

(b) A requirement that project workers (excepting Veterans) who have been continuously employed on projects for more than eighteen months shall be laid off for thirty days. The Senate amendment which allowed the exercise of some discretion in the case of families in dire need, was stricken out at the insistence of the House conferees.

(c) Administrative expenses are limited to 3.4 per cent. This is about the same percentage as overhead has been costing this year, but because the total of the relief appropriation has been cut by over half a billion dollars, it is obvious that the overhead for the smaller sum will be higher on a percentage basis than the overhead for the larger sum—that is if equal efficiency is to be maintained.

(d) The Federal Theater project is abolished. This singles out a special group of professional people for a denial of work in their own profession. It is discrimination of the worst type. I have not objected to the provision that a portion of the cost of projects for artists, musicians and writers should be paid for by local Governments and sponsored by them, and the same provision could well have been applied to theater projects. The House conferees declined to yield to the Senate and we have, as

## *91. Revenues for Agricultural Appropriations*

a result, an entering wedge of legislation against a specific class in the community.

*NOTE:* The foregoing statement was issued by me after I signed the Emergency Relief Appropriation Act of 1939, which had been adopted on the very last day before the beginning of the fiscal year to which it was applicable. It had been adopted pursuant to the message I sent to the Congress on April 27,

1939 (see Item 71, this volume).

I called attention to the four objectionable features of the bill, which would work hardship and inequality among the unemployed. They were all, however, retained in the Emergency Relief Appropriation Act enacted for the following year.

## 91 ¶ Presidential Statement on Signing Agriculture Appropriation Act for Which Congress Failed to Provide Revenues. June 30, 1939

**THIS BILL** providing the appropriations for the Department of Agriculture and the Farm Credit Administration for the fiscal year beginning tomorrow, July 1, 1939, comes to me on the previous day, June 30, 1939. If I withhold my approval the Department and the Farm Credit Administration will stop functioning tomorrow.

The attention of our citizens should be called to the following facts:

1. In 1938 I approved a large addition chiefly for parity payments to farmers, with the definite gentlemen's agreement that the Congress, at the beginning of the following session, would enact some form of tax to make up for the extra appropriation.

2. I called the attention of the Congress to this at the beginning of the present session but no tax legislation has been passed to carry out the agreement by reimbursing the Treasury.

3. When the present farm bill was under consideration this spring, I called attention to the proposals for new parity payments running into several hundred million dollars, and asked

### *91. Revenues for Agricultural Appropriations*

that no appropriation be made therefor unless and until the additional revenue required to finance them was provided.

4. The Congressional debates on this farm bill indicated a complete understanding of this position.

5. Notwithstanding the above, an additional sum of two hundred and twenty-five million dollars has been added to this year's bill and no provision has been made by the Congress for raising the additional revenue needed.

While I have consistently taken the lead in insisting that agricultural prosperity is essential to the national welfare, I also hold that this happy condition can safely be brought about only with due regard to its relationship to all other features of our budgetary structure.

Because the new fiscal year begins in a few hours, I am not withholding my approval of this appropriation bill. But the situation in regard to the financing of these parity payments remains what it was last year and no action has been taken by the Congress. It, therefore, seems clear that the duty of providing additional funds for the Treasury still rests directly with the Congress.

*NOTE:* When I signed the Agricultural Adjustment Act of 1938, February 16, 1938 (see Item 24, 1938 volume), I pointed out that the provision therein contained for "parity" payments raised the cost of the agricultural adjustment program above the present authorized cost, and that in order to make such payments "it would be necessary to provide additional revenue needed to finance them."

The Price Adjustment Act of June 21, 1938 (52 Stat. 809, 819), appropriated \$212,000,000 for these "parity" payments for the fiscal year ending June 30, 1939, but no revenue had been provided by the

Congress for these payments. During the debates in 1938, it was indicated that after January 1, 1939, the question of additional revenue would be taken up, at a time when the Congress would have better information on which to proceed.

On January 3, 1939, I sent to the Congress my Budget message for the fiscal year ending June 30, 1940 (see Item 3, this volume). In that message I pointed out that the Congress had adopted this program for "parity" payments to farmers, but had so far provided no sources of revenue for these payments.

While the Department of Agriculture appropriation bill for the

### *91. Revenues for Agricultural Appropriations*

next fiscal year ending June 30, 1940, was under consideration, the Secretary of Agriculture reminded the committee that they had not yet provided the funds for the \$212,000,000 of "parity" payments which had been appropriated by the Congress for the year previous, and that, therefore, the bill for the next year did not contain any provision for an appropriation for "parity" payments. He pointed out that I had said several times in past years that if additional funds were to be provided for agriculture to take care of these "parity" payments, the means of raising such funds would have to be found by the Congress in some way. The Secretary pointed out that the Administration was in favor of the "parity" payments, that such payments increase the number of farmers co-operating in the AAA program, and that they were needed to give agriculture a fair share of the national income.

The question of whether the revenue should come out of processing taxes or direct appropriation was thoroughly debated in the Congress, so that there can be no doubt that the Congress understood very

clearly what the position of the Administration was.

When the bill was finally passed on June 28, 1939, the Congress had added \$225,000,000 to the bill for "parity" payments, but had not provided a single dollar of additional revenue to cover either the "parity" payments of the year before, or the "parity" payments for the year to come.

When the bill was presented to me for signature in the last few hours of the fiscal year, I had no alternative but to sign it; otherwise, the Department of Agriculture and the Farm Credit Administration would have had to stop functioning.

I expressed the hope that the Congress would provide the additional revenue in its next session.

The same thing, however, happened in the 1941 appropriation bill. \$212,000,000 was appropriated for "parity" payments; but no means of providing the revenue therefor were adopted.

Apparently, the Congress is willing to pass these appropriations to help the farmers; but is not quite so willing to find the funds for them.

## 92 ¶ Statement by the President on False Newspaper Story of "Split" with the Secretary of State on the Neutrality Issue. July 13, 1939

THE READING PUBLIC is entitled to a statement from the President—a statement of warning which has been made necessary by a news story issued through the United Press today and already printed in one or more papers and on the United Press Ticker Service.

The headline of the local *Washington Times-Herald* states that the President and the Secretary of State have "split" on some form of note on neutrality.

The story states that they "were reported in Administration quarters today to have disagreed on the language of a neutrality message." The headline is, of course, wholly false. So is the story.

The subterfuge of saying in the lead of the story that they were "reported" to have disagreed is obvious because it is a practice too often engaged in to invent such "reports" out of a clear blue sky, failing wholly to check up with any responsible source in Washington.

The United Press has been guilty of a falsification of the actual facts. If called upon to give the source of the information it will decline to give it—another usual subterfuge.

The fact remains that the story is contrary to every fact.

I am calling this to the attention of the public because it represents a culmination of other false news stories to which the attention of the United Press has been called by me and by my office on previous occasions.

It is, of course, impossible for the White House to deny every false story. This latest episode, however, represents the limit of any decent person's patience, and I am giving this in the form of a statement relating specifically to the United Press because I do not wish it to be considered as an indictment of the newspapers of the United States or other Press Associations.

The fact of this particular case is that the Press has been in-

### *93. Revision of Neutrality Laws Urged*

formed continuously for the past thirty-six hours that the President and the Secretary of State have not decided, up to the present time, whether he will address any Message to the Congress or what the next step of the Administration on neutrality will be. That is the truth, and it is a great pity that this simple truth, of which the Press has been informed, has been disregarded by a Press Association.

(See following Item for message urging revision of "neutrality" laws, accompanied by statement by the Secretary of State.)

### 93 ¶ The President Strongly Urges Revision of Our Neutrality Laws in the Interests of Peace and American Security. July 14, 1939

*To the Congress:*

I AM advised that by a vote of twelve to eleven the Senate Committee on Foreign Relations has deferred action on peace and neutrality legislation until the next session of the Congress.

I am appending hereto a statement from the Secretary of State which has my full approval, and which I trust will receive your earnest attention.

It has been abundantly clear to me for some time that for the cause of peace and in the interest of American neutrality and security, it is highly advisable that the Congress at this session should take certain much needed action. In the light of present world conditions, I see no reason to change that opinion.

STATEMENT ON PEACE AND NEUTRALITY BY THE SECRETARY OF STATE INCLOSED AND FULLY APPROVED IN THE FOREGOING MESSAGE.

The cornerstone of the foreign policy of the United States is the preservation of the peace and security of our nation, the strengthening of international law, and the revitalization of international good faith. The foreign policy of this Government may be misinterpreted or it may

### *93. Revision of Neutrality Laws Urged*

be misunderstood, but it cannot be destroyed. Peace is so precious and war so devastating that the people of the United States and their Government must not fail to make their just and legitimate contribution to the preservation of peace.

The Congress has pending before it at the present time certain proposals providing for the amendment of the existing so-called neutrality legislation. Some of these proposed changes I regard as necessary to promote the peace and security of the United States.

There is an astonishing amount of confusion and misunderstanding as regards the legislation under consideration, and particularly with regard to the operation of the existing arms embargo.

I shall try to bring out as clearly as I can the important points of agreement and disagreement between those who support the principles contained in the six-point peace and neutrality program recommended by the Executive Branch of the Government and those who oppose these recommendations.

In substance and in principle both sides of the discussion agree on the following points:

1. Both sides agree that the first concern of the United States must be its own peace and security.
2. Both sides agree that it should be the policy of this Government to avoid being drawn into wars between other nations.
3. Both sides agree that this nation should at all times avoid entangling alliances or involvements with other nations.
4. Both sides agree that in the event of foreign wars this nation should maintain a status of strict neutrality, and that around the structure of neutrality we should so shape our policies as to keep this country from being drawn into war.

On the other hand, the following is the chief essential point of disagreement between those who favor the adoption of the recommendations formulated by the Executive Branch of the Government and those who are opposing these recommendations:

The proponents, including the Executive Branch of the Government, at the time when the arms embargo was originally adopted called attention to the fact that its enactment constituted a hazardous departure from the principle of international law which recognizes the right of neutrals to trade with belligerents and of belligerents to trade with neutrals. They believe that neutrality means impartiality, and in their view an arms embargo is directly opposed to the idea of neutrality. It is not humanly possible, by enacting an arms embargo, or by refraining from such enactment, to hold the scales exactly even between two belligerents. In either case and due to shifting circumstances one belligerent

### *93. Revision of Neutrality Laws Urged*

may find itself in a position of relative advantage or disadvantage. The important difference between the two cases is that when such a condition arises in the absence of an arms embargo on our part, no responsibility attaches to this country, whereas in the presence of an embargo, the responsibility of this country for the creation of the condition is inevitably direct and clear.

There is no theory or practice to be found in international law pertaining to neutrality to the effect that the advantages that any particular belligerent might procure through its geographic location, its superiority on land or at sea, or through other circumstances, should be offset by the establishment by neutral nations of embargoes.

The opposition to the present substitute proposal joins issue on this point, and stands for the existing rigid embargo as a permanent part of our neutrality policy. And yet by insisting on an arms embargo in time of war they are, to that extent, for the reasons I have stated, urging not neutrality, but what might well result in actual unneutrality, the serious consequences of which no one can predict.

Those who urge the retention of the present embargo continue to advance the view that it will keep this country out of war — thereby misleading the American people to rely upon a false and illogical delusion as a means of keeping out of war.

I say it is illogical, because while the trade in "arms, ammunition and implements of war" is at present banned, the trade in equally essential war materials, as well as all the essential materials out of which the finished articles are made, can continue. For example, in time of war, we can sell cotton for the manufacture of explosives, but not the explosives; we can sell the steel and copper for cannon and for shells but not the cannon nor the shell; we can continue to sell to belligerents the high-powered fuel necessary for the operation of airplanes, but we are not able to sell the airplanes.

I say it is a false delusion because a continuation of the trade in arms is a clearly recognized and traditional right of the nationals of a neutral country in time of war, subject only to effective blockade and to the right of belligerents to treat any such commodities as contraband. The assertion frequently made that this country has ever engaged or may become engaged in serious controversy solely over the fact that its nationals have sold arms to belligerents is misleading and unsupportable. All available evidence is directly to the contrary. Every informed person knows that arms, as absolute contraband, are subject to seizure by a belligerent and that neither the neutral shipper nor his Government has the slightest ground for complaint. There is, therefore, no reason to suppose that the sale of arms may lead to serious controversy between a neutral and a bel-

### *93. Revision of Neutrality Laws Urged*

ligerent. Furthermore, under the proposals that have been made American nationals would be divested of all right, title and interest in these and other commodities before they leave our shores and American citizens and ships would be kept out of danger zones. As regards possible complications which might arise as a result of the extension of credits to belligerents or of extraordinary profits accruing to any group of producers in this country, it is wholly within the power of Congress at all times to safeguard the national interest in this respect.

Controversies which would involve the United States are far more likely to arise from the entrance of American ships or American citizens in the danger zones or through the sinking on the high seas of American vessels carrying commodities other than those covered by the arms embargo. In the recommendations formulated by the Executive as a substitute for the present legislation it was especially urged that provisions be adopted which would exclude American nationals and American ships from zones where real danger to their safety might exist and which would divest goods of American ownership, thereby minimizing to the fullest extent the danger of American involvement.

Those of us who support the recommendations formulated for the elimination of the embargo are convinced that the arms embargo plays into the hands of those nations which have taken the lead in building up their fighting power. It works directly against the interests of the peace-loving nations, especially those which do not possess their own munitions plants. It means that if any country is disposed towards conquest, and devotes its energy and resources to establish itself as a superior fighting power, that country may be more tempted to try the fortunes of war if it knows that its less well prepared opponents would be shut off from those supplies which, under every rule of international law, they should be able to buy in all neutral countries, including the United States. It means also that some of those countries which have only limited facilities for the production of arms, ammunition and implements of war are put in a position of increased dependence. During peacetime they would feel the compulsion of shaping their political as well as their economic policy to suit the military strength of others; and during wartime their powers of defense would be limited.

For these reasons those who are supporting the recommendations for the amendment of existing legislation recognize definitely that the present embargo encourages a general state of war both in Europe and in Asia. Since the present embargo has this effect its results are directly prejudicial to the highest interests and to the peace and to the security of the United States.

In the present grave conditions of international anarchy and of dan-

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ger to peace, in more than one part of the world, I profoundly believe that the first great step towards safeguarding this nation from being drawn into war is to use whatever influence it can, compatible with the traditional policy of our country of non-involvement, so as to make less likely the outbreak of a major war. This is a duty placed upon our Government which some may fail to perceive or choose to reject. But it must be clear to every one of us that the outbreak of a general war increases the dangers confronting the United States. This fact cannot be ignored.

I would emphasize that the course proposed through the substitute legislation recommended by the Executive is consistent with the rules of international law and with the policy of our own country over a period of 150 years. The basis for the recommendations made is the firm intention of keeping this country from being drawn into war. If there existed any desire to assist or to injure particular foreign countries this Government would not have been endeavoring persistently, within the limitations of our traditional policy, over a period of many years to do its utmost to avoid the outbreak of a general war. I earnestly hope that the Congress will lend the fullest measure of its cooperation in the endeavor to avoid war in the first place and to place this country in a position of the greatest security possible, should war break out. In the tragic event that peace efforts fail and that a major war occurs, there will be general agreement within the United States that every effort must be exerted to keep this country from being drawn therein.

I must also refer to the impression sedulously created to the effect that the sale of arms, munitions and implements of war by this country is immoral and that on this ground it should be suppressed in time of war.

As a matter of fact almost all sales of arms and ammunition made in recent years by our nationals have been made to governments whose policies have been dedicated to the maintenance of peace, but who have felt the necessity of creating or of augmenting their means of national self-defense, thereby protecting otherwise helpless men, women and children in the event that other powers resort to war. In the face of the present universal danger all countries, including our own, feel the necessity of increasing armament, and small countries in particular are dependent upon countries like the United States which have the capacity to produce armaments. Our refusal to make it possible for them to obtain such means of necessary self-defense in a time of grave emergency, would contribute solely towards making more helpless the law-abiding and peace-devoted peoples of the world. If such action is moral, and if, on the contrary, sales of the means of self-defense for the protection of peaceful and law-abiding peoples are immoral, then a new definition of mo-

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rality and immorality must be written. This task might be left to the proponents of the arms embargo.

I must also refer to another impression created by propaganda to the effect that the abandonment of the arms embargo would increase power of action on the part of the Executive Branch of the Government and conversely that the maintenance of the embargo would serve as an additional check on the powers of the Executive. It is difficult to see how either of these propositions could possibly hold true. An impartial granting of access to American markets to all countries without distinction gives the Executive no additional power to choose among them and to commit this country to any line of policy or action which may lead it either into a dangerous controversy or into war with any foreign power.

The legislative proposals which were recommended to the Congress through the communications which I transmitted to Senator Pittman and to Congressman Bloom on May 27 providing for the safeguarding of our nation to the fullest possible extent from incurring the risks of involvement in war contemplate the elimination of the existing arms embargo and are as follows:

- (1) To prohibit American ships from entering combat areas;
- (2) To restrict travel by American citizens in combat areas;
- (3) To require that goods exported from the United States to belligerent countries shall be preceded by the transfer of title to the foreign purchasers;
- (4) To continue the existing legislation respecting loans and credits to belligerent nations;
- (5) To regulate the solicitation and collection in this country of funds for belligerents; and
- (6) To continue the National Munitions Control Board and the licensing system with respect to the importation and exportation of arms, ammunition, and implements of war.

This six-point program was the best that could be devised after much painstaking thought and study, and after many conferences with members of the Congress, of how best to keep this country out of a conflict should it arise. It rests primarily on the established rules of international law, plus the curtailment of certain rights of our nationals, the exercise of which is permitted under international law but which might lead to controversies with belligerents and eventual involvement in foreign wars.

There has thus been offered as a substitute for the present act a far broader and more effective set of provisions, which in no conceivable sense could breed trouble, but which to a far greater extent than the present act would both aid in making less likely a general war, and, while keeping strictly within the limits of neutrality, would reduce as

#### *94. White House Conference on Neutrality*

far as possible the risk of this nation of being drawn into war if war comes.

In connection with our foreign affairs, I think all must agree that, unless a spirit of collaboration and cooperation characterizes the relations between the Executive and Legislative Departments of the Government, the peace and other vital interests of this country will inevitably be jeopardized.

Having spent the best years of my life as a member of the two Houses of Congress, I have the warmest feeling of friendliness toward the membership of, and the greatest respect for, the Legislative Department, and, in that spirit, I earnestly hope for the closest possible cooperation in matters affecting our country's best interests and its security in the present grave international situation.

At this time when critical conditions obtain throughout the greater part of the world I am sure that we are all equally persuaded that while the fullest measure of constructive criticism is helpful and desirable, and is of course most welcome, partisanship should play no part in the determination of the foreign policy of this country.

In the present situation of danger a peaceful nation like ours cannot complacently close its eyes and ears in formulating a peace and neutrality policy, as though abnormal and critical conditions did not exist. The entire question of peace and neutrality at this serious juncture in its possible effects upon the safety and the interest of the United States during coming months is of the utmost importance. This question should, in my judgment, receive full and careful consideration and be acted upon by this Government without unnecessary or undue delay.

CORDELL HULL

(For a full discussion of the various "neutrality" acts passed since 1935, and their effect, see Introduction to this volume, note to Item 130, this volume, and references cited therein.)

#### 94 ¶ White House Release on the Conference on Neutrality Held at the White House.

July 18, 1939

Senator Barkley said:

"The consensus of opinion on the part of those members of the Senate present was that no action on neutrality legislation can be obtained in the Senate at the present session and that a majority of the Senate would concur in this view."

### 95. *Conservation of Alaskan Reindeer*

Senator McNary expressed the same belief.

They agreed that a majority of the Senate would consider neutrality legislation at the beginning of the next session.

The President and the Secretary of State maintained the definite position that failure by the Senate to take action now would weaken the leadership of the United States in exercising its potent influence in the cause of preserving peace among other nations in the event of a new crisis in Europe between now and next January.

(See Item 96, this volume, for press conference discussion of this meeting.)

## 95 ¶ The President Recommends Legislation to Conserve Reindeer Herds in Alaska.

July 19, 1939

*My dear Mr. Taylor:*

ON SEPTEMBER 1, 1937, there was enacted into law a measure reasonably calculated to insure to the Eskimos and other natives of Alaska a food supply in perpetuity by eliminating all non-native ownership of reindeer, by providing for the conservation of the range and the protection of the herds.

Basic to the humanitarian purposes of the act is its authorization of an appropriation of \$2,000,000 to purchase those herds now owned by non-natives. No appropriation has, however, been made, although the passage of the measure was preceded by prolonged consideration, and although the provisions of the act have been supported by investigations subsequent to its passage made under the immediate direction of the chairmen of the House and Senate Committees on Appropriations.

I am deeply interested in the efforts of these people in their struggle to preserve for the future the only controllable food supply for which the tundra areas of Alaska are suitable. In the press of other matters, I hope the commitments of the Reindeer Act of 1937 may not be forgotten and that those who are de-

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pendent upon reindeer may be enabled by an adequate appropriation to regain full possession of the industry upon which their future depends, to protect their herds from the inroads of predators, to conserve the grazing areas, and otherwise to reap the full benefits of the reindeer industry.

It must be remembered that reindeer were imported to Alaska at the close of the last century to replace in some measure the indigenous food supply of the natives, which had been depleted by the expansion of American commerce and industry, and it seems only logical that we now should take the steps called for by the Reindeer Act.

I trust this matter will receive the earnest consideration of your committee and of the Congress.

Very sincerely yours,

Hon. Edward T. Taylor,  
Chairman, Committee on Appropriations,  
House of Representatives,  
Washington, D. C.

96 ¶ The Five Hundred and Sixty-fourth Press Conference (Excerpts). Hyde Park, New York.

July 21, 1939

*(Conference with Senators regarding repeal of the arms embargo—Senator Borah's "better information"—The definite possibility of war—Special session of the Congress—Railroad legislation—Business and the arms embargo.)*

Q. Good morning, Mr. President.

THE PRESIDENT: Glad to see you. Dick [Mr. Harkness], good morning. Gosh, for some of you it is a new experience up here. By the way, I was delighted to hear about the eight and a half pounds.

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Q. [Mr. Reynolds, of the United Press] That is right; going to run for President in 1976.

MR. HASSETT: He was nine pounds yesterday.

Q. And it will be ten tomorrow. (*Laughter*)

Q. [Mr. Trohan] That comes from an old father, Mr. Hassett.

THE PRESIDENT: I do not believe I have a single thing. I had a good night's sleep and I am still sleepy.

Q. [Mr. Durno] Mr. President, the isolation group in the Senate is predicting very freely that you are going to carry the neutrality issue to the country in your forthcoming Western swing. Can you comment on that?

THE PRESIDENT: On the neutrality issue?

Q. The arms embargo.

THE PRESIDENT: Isn't that closed until January?

Q. Well—

THE PRESIDENT: [interposing] By action of the Senate? I think that is the best way of handling it. There is no, and there cannot be any, immediate issue before the country because certain groups in the Senate just precluded any action until January, making it perfectly clear, of course—and they have accepted it—that the responsibility rests wholly on them.

Of course, one of the important things to bring out on that—what was it? Tuesday night—is the fact that they were willing to accept the responsibility. And, as Steve [Mr. Early] told you yesterday, about all we can do between now and January is to pray that there won't be another crisis, and pray awfully hard.

Q. [Mr. Harkness] After the session on Tuesday, various participants, various Senators, gave their version of the meeting, what they had said to you, and more, what you had said to them.

THE PRESIDENT: It is like the old story of the Congressman that went in to see Mr. Hoover, I think it was, and was actually in Mr. Hoover's office by a stop-watch for a minute and a half and then went out into the lobby and took ten minutes to

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tell the Press what he had told President Hoover. I have always loved the story. You remember that?

Q. [Mr. O'Donnell] Yes, and I remember the Congressman too.

THE PRESIDENT: Go ahead, I did not mean to interrupt.

Q. [Mr. Harkness] That is a fitting story, and that is the way I meant it. But there was only one side of that conference came out, and I wondered if you had anything to say about the conference itself.

THE PRESIDENT: Except this, that any stories that there was any—I do not know—what is the term for it?

Q. I used “clashes,” “verbal clashes.”

THE PRESIDENT: “Clashes”—right. I think it was John [Mr. O'Donnell] who said it was bitter. Did you ever see me bitter, John?

Q. [Mr. O'Donnell] No, sir.

THE PRESIDENT: There weren't any clashes. That part is entirely made up out of whole cloth. There was only one disagreement between two people in the conference, and that was due to the fact—this has been printed—that Senator Borah did intimate rather clearly and definitely that his information, his private information, from Europe was better than the information received by the United States Government from Europe. The Secretary of State asked him if he intended that as a suggestion that the State Department information was not as good as his own private information. He finally said that he had meant to infer that. It was all in very parliamentary language.

Q. [Mr. Harkness] Did Vice President Garner step into that situation?

THE PRESIDENT: No, he did not.

Q. [Mr. Harkness] Did the Vice President use this line, “Captain, we may as well be candid; you haven't got the votes”?

THE PRESIDENT: When it became perfectly clear from a statement by the Republican Leader that the Republicans would vote en masse for postponement until January, and then Senator Barkley said there would probably be sufficient Democrats to

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go along with them to prevent a vote being taken if Congress stayed in session, nobody had to say anything more. That was obvious.

The thing came down to that simple fact, that the Republicans as a whole were going to work against the taking of a vote until January, one hundred per cent of them, and that about a third of the Democrats were going to do the same thing. That does not even raise the question of whether there was a minority or a majority because, under the Senate rules, any sizable group can prevent action. And the statement, of course, as written, did show the acceptance of responsibility by the Republicans, and by Barkley in the sense that Barkley knew he could not get a vote, but only in that sense.

Q. [Mr. Harkness] Senator McNary did definitely accept?

THE PRESIDENT: Oh, yes. The responsibility? Oh, yes.

Q. [Mr. Harkness] Is there anything at all you can tell us about the Department of State information which was at issue between Secretary Hull and Senator Borah?

THE PRESIDENT: Well, I should say that from every capital in Europe, without exception, there come reports of evidence of preparing for an eventuality that they believe to be fairly close, for the very simple reason that the preparations are moving at a very fast rate, of course emphasizing always that there is not any allegation of probability, but rather a statement of definite possibility. There is all the difference in the world between those two words; and the members of the Senate who have decided to defer action until January have been gambling that the possibility won't eventuate. Therefore, there is nothing further to discuss. The country understands it.

Does that cover it, Dick [Harkness]?

Q. [Mr. Harkness] Yes, sir. I covered that and, after the conference, we checked different Senators and wanted to know about some of the statements.

THE PRESIDENT: It was an extremely friendly meeting absolutely, all the way through.

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Q. [Mr. Belair] You mentioned that we won't have another crisis before January. Won't it take something more than perhaps a crisis to provoke a special session?

THE PRESIDENT: Yes.

Q. [Mr. O'Donnell] More than a crisis? In other words, an armed conflict?

THE PRESIDENT: In other words, more than mere threat. For the last three or four years there have been recurring threats. So far they have not eventuated in actual war. Another threat may come without eventuating in actual war. But the United States is not in a position to help in a situation of that kind under the present law — under the embargo — and the members of the Senate, the other night, were fully apprised of that. That was perfectly clearly stated; and several of them accepted the thought that there would be no special session until and unless a world war had actually broken out. In other words, they accepted the responsibility of saying to the Executive Branch of the Government: "There is nothing further you can do to avert war." . . .

Q. [Mr. Durno] Can you tell us about your conference yesterday with Mr. Norris and Mr. Jewel of the Railway —

THE PRESIDENT: [interposing] Well, I told them the action I had taken. I did not put anything down in writing on it, but I told Congressman Lea to tell the Rules Committee that I hoped they would give them a rule on two grounds: the first — mind you, this does not relate to details of a bill but it does relate to principles — the first is that away back a year ago we thought that something ought to be done to improve the railroad situation and I recommended that action be taken by this Congress. They have been there six and a half months and nothing has been done. I hope, this being apparently the only vehicle for getting it out onto the floor, that they will get a rule and report this bill out.

Q. [Mr. Durno] Which bill is that?

THE PRESIDENT: That is the Lea Bill.

And then the second thought — and it is absolutely in line

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with what I have been talking about so long—was that of trying to get all forms of transportation coordinated so that we won't have wholly separate agencies running general transportation policies.

It was in line with that, that I told Bill Hassett to dig up the speech I made in Salt Lake City. He can show it to you. There is no use my reading the whole thing again. It was the speech back in 1932 in which I said, "The individual railroads should be regarded as parts of a national transportation system. This does not mean all should be under one management. . . . Let it be noted, for instance, that our postal service uses every variety of transport: rail, automobile, steamship, and airplane; but it controls few of these vehicles. We might well approach the railroad problems from a similar point of view, survey all of our national transportation needs, determine the most efficient, the most economical means of distribution, and substitute a national policy for a national lack of planning, and encourage that growth and expansion which are most healthful to the general welfare."

And then, at the end, ". . . Avoid financial excesses; adjust plant to traffic; protect the workers; coordinate all carrier service . . . and, above all, serve the public, serve them reasonably, serve them swiftly, and serve them well."

Well, it is just along the same general idea that we are working.

Q. This consolidation would be done under your reorganization powers, would it?

THE PRESIDENT: No; it has to be done by straight legislation.

Q. Something along the lines of Emergency Transportation Act?

THE PRESIDENT: No. There are two or three different forms in which the thing can be actually put into practice. The form does not count nearly so much as getting it done. They have been working on it now for six and a half months, and nothing has happened.

On the neutrality thing, I have here forty-five newspaper

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editorials — this is our regular stuff from the files — that are quite interesting as showing how widespread is the general approval by the Press, regardless of party, for having something done to make the United States neutral and to help to avert war. It is a most amazing series of editorials. Here is the old *Boston Herald*, for instance; the *Philadelphia Inquirer*, the *Portland Oregonian*, the *Los Angeles Times*, and so forth and so on. Bill [Mr. Hassett] can show them to you if you want to see any of them. It is a very interesting cross-section of editorial opinion.

Q. I had some figures the other day — I forget who the authority was — which showed, or alleged to show, that eighty per cent of the commodities bought from us by the Allies during the World War were commodities which would not fall under the present embargo in the event of war. I wonder how accurate that is?

THE PRESIDENT: If you count wheat and cotton and things like that, I suppose it is true. I think you will find that certain foodstuffs and raw cotton entered into that eighty per cent, very largely.

Let me — leave this off the record — give you a little background on it that will bring it out. It is rather interesting. We are concerned, rightly, to a certain extent with the prosperity picture, the business picture, the economic picture, and the failure of the Senate to take action, deferring everything until January, is, without any question, going to slow up the wheels of industry in this country. On your eighty per cent figure, a very large portion of that was agricultural products, wheat and so on. You will remember that while we were in the war we laid off bacon, and meat, and tried to eat more fish so that we could ship the meats to the other side.

Well, that is agriculture, but on the other side of the picture you must remember that of all the manufactured articles that go over, the percentage that are wholly off the embargo list is much smaller. Most of them are for munitions of vari-

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ous kinds. Now, of course that brings up a very interesting question. You know that a very simple form of munitions is the little brass shell that goes into a 3-inch gun. That is for the piece the French call the 75's, and that is probably as destructive a weapon as there is. Now, the little 3-inch shell that goes into it is made of brass. How is it made? The principal and far most difficult process is turning out the brass pipe, because that is all it is, just plain common or garden variety of brass pipe like that that goes into the plumbing of a hotel or big house. I suppose ninety per cent of the labor is in that brass pipe.

Now, there is nothing to prevent that brass pipe from being shipped anywhere in the world. It is just brass pipe. Once it gets to a belligerent you do three things. There are three things.

One is a little saw that cuts it off into lengths. A girl, one girl can run that, the pipe having arrived in 30-foot lengths. It slides down from the table and gets to a certain point and gets chopped off.

Number two, it goes into a press—I have forgotten what they call it, a reamer, or something like that—and that takes one end of the brass pipe and curls it over. That is the kind of machine that a girl can run.

Then it goes to another machine—they are one after the other in a row—and that squeezes the ends of that brass pipe together into a form with a little percussion hole in the end. Then the thing is done. There is your shell. All it needs to have put into it is the powder and the shell itself, but the brass casing is three operations, all of which do not represent more than five per cent of the actual cost of that cartridge.

Now, you cannot send that to a belligerent, but you can send the brass pipe, which is ninety or ninety-five per cent of the operation. Well, how do you draw a line between the destructive weapon and the brass pipe? I do not know. How do you draw the line between the raw cotton and the nitrates on

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the one side, and the T.N.T. on the other? You take cotton and put it into a vat and you put the wet cotton into the T.N.T., into the nitrate, and you put in a few other small chemical ingredients, mix them all around, heat them to a certain point, then put them into another vat and take it out and dry it and you have high explosive. It is made out of cotton and nitrate. They are not themselves in the nature of implements of war. How does the human mind draw a fine line?

Q. [Mr. Belair] Do you mean that business is suffering because —

THE PRESIDENT: [interposing] I had a businessman — I will tell you his name if you won't use it, we will have to have that understanding because otherwise I cannot give you his name. . . . He said, "You know this is going to slow up the finest little economic boom that ever happened. Nobody can make commitments. They do not know how the bill will come out. That affects us here as well as on the other side."

Q. It means on the brass pipe, or everything?

THE PRESIDENT: On anything; the taking of orders. It makes war more probable. People do not like to give orders for anything, even back home.

Q. [Mr. Harkness] May we use that incident, sir, about the effect on business, without the name?

THE PRESIDENT: Yes. A newspaper really needs a new press but they can get along with the present press for another year. Now, it takes some time to get a press built. You cannot just buy one off the counter. You say, "By gosh, if there is a war, I do not know; I do not know whether we would be justified because nobody knows the effect of a war on a newspaper business." Isn't that right? So you say, "Let us wait until January."

Now, it is a few little things like that that make up people's minds as to whether they are going to buy something, order something, or not.

Q. I have got enough to write, haven't you gentlemen?

Q. Yes. . . .

### *97. National Policy for Oil Conservation*

(See Item 94, this volume, for the White House statement issued after the conference with Senators on neutrality; see Item 136, 1928-1932 volume, for the 1932 campaign speech on railroads at Salt Lake City; see Item 45 and note, 1938 volume, for further discussion of railroad legislation.)

## 97 ¶ The President Recommends Legislation for a National Policy in Oil Conservation.

July 22, 1939

*My dear Mr. Chairman:*

ON FEBRUARY 15, 1939, I transmitted to the Congress a report on Energy Resources by the National Resources Committee wherein certain recommendations were made relative to oil and gas problems in the United States.

I believe it is consistent with these recommendations to invite the attention of your committee to the desirability of the early enactment of legislation which will provide a coordinated national policy in oil conservation. To my mind the legislation should be designed to prevent avoidable waste in the production of oil and gas in the United States.

As you know, despite the progress which has been made toward oil conservation under State law and regulation the production of petroleum is attended by waste. In view of the vital part which petroleum plays in the national defense as well as its importance in commerce and industry the prevention of waste in petroleum production should be the subject of an enactment by the Congress.

I appreciate the thoroughness with which the Committee on Interstate and Foreign Commerce conducted the petroleum investigation in 1934 in response to H.R. 441; but in the light of changes that have taken place, I believe the Committee may wish to study developments since that time by investigation and hearings prior to the next session of the Congress. To this end,

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and with a view to the enactment of suitable legislation in the next session, I request that the petroleum conservation bill which I today discussed with you and Representative Cole be introduced at this session.

Sincerely yours,

Hon. Clarence F. Lea,  
Chairman, Committee on Interstate and Foreign Commerce,  
House of Representatives

(For further measures taken to conserve oil and regulate its production, see Items cited at end of Item 32, this volume.)

98 ¶ A Recommendation for Rehabilitation of  
Parts of the Northern Lakes States Region.

July 31, 1939

*To the Congress:*

EXPLOITATION of our resources has created many problems, but none more pressing than in those areas of the United States where a basic resource has been mismanaged and the principal industry has moved or waned, leaving the working population stranded.

The cut-over region in the northern part of the States of Michigan, Minnesota and Wisconsin was once the scene of a flourishing lumber industry. Today a large section of the population in that area depends for its very existence on public aids, work relief, and security payments. The large expenditures for these purposes in the area have enabled these people to survive, but could not provide a satisfactory permanent solution to their problem.

Members of Congress representing the region appealed some time ago for aid in developing a program to assist the people in the area to find a way of life that would provide opportunity

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and reasonable security. The problem is now to make the best use of the natural and human resources of the area.

Over a year ago the National Resources Committee began a study of the region, establishing large local committees in order to insure accurate representation and true understanding of the local point of view. Individual reports were prepared by groups representing the cut-over areas in the three States. From these individual reports a summarized version of what is thought to be a feasible program has been developed. This summary constitutes the most recent in the series of regional reports by the National Resources Committee and is entitled "Regional Planning, Part VIII—the Report of the Northern Lakes States Regional Committee."

I am asking that the National Resources Planning Board keep in touch with the regional committee, which sponsored this report, to assist the regional committee in promoting correlation of activities of Federal, State and local agencies concerned with bringing about the accomplishments desired. I commend the report to your careful study for whatever action may be appropriate.

*NOTE:* The underlying objectives sought in the report and in my message, were set forth in the recommendations of the report as follows:

"The general objectives should be the transformation of the area into a self-supporting district for the restoration of the forestry resources, the improvement of lakes, streams and other recreational facilities, the rational development of the mining industry, the movement of isolated settlers and those on very low-grade soils to locations providing equal or better economic opportunities and public service. . . ."

The problem was very largely one of land use. The committee recommended a complete survey of the soil and a classification of the land. Much has been done to carry out this recommendation, and the necessary surveys and classifications are being pushed forward.

In connection with the regulation of land use, zoning statutes have been adopted locally, restricting the use of certain land unsuited for agriculture. At the same time, one of the committee's major recommendations is being carried out to increase the producing acreage of individual small farms on good soil, where these farms are other-

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wise well located. The committee's recommendations with respect to reforestation and improvement of the control of forest fires has begun to be translated into action by appropriate measures.

99 ¶ *The Five Hundred and Sixty-eighth Press Conference (Excerpts). August 1, 1939*

*(Fishing—Effect of failure of lending bill to pass the Congress—Housing—Government debt—La Follette Civil Liberties Committee—Hatch bill.)*

Q. Mr. President, good morning. How are you?

THE PRESIDENT: Russ [Mr. Young], how is the infant coming along?

Q. [Mr. Young] Very well indeed. What about the big seventy-pound fish you did not catch?

THE PRESIDENT: Yes. Did you notice the newspaper accuracy on it?

Q. [Mr. Godwin] There has been a good deal of faking on that since Jonah's whale.

Q. Pa [General Watson] says that he has got fifty dollars that says he caught the biggest fish. Is that right?

THE PRESIDENT: Pa always catches the biggest fish. No. As a matter of fact, I caught far and away the best fish on the trip. I never saw one before. It was a ten-inch mackerel. I had him for breakfast and it was the most delicious fish I ever ate.

Q. How did you know it was a mackerel?

THE PRESIDENT: It had all the fins.

Q. How big are they ordinarily?

THE PRESIDENT: Three feet; two or three feet.

Q. Hadn't you ought to have thrown him back?

THE PRESIDENT: I don't know if there is any law on that but anyway it is inside of me now, so it is safe. Gosh, it was good. It was the most delicious I ever tasted.

Q. Mr. President, I caught a ten-inch trout.

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THE PRESIDENT: But this mackerel was better than any trout I ever tasted.

Q. It was that long and that round (indicating); like an eel.

THE PRESIDENT: Oh, you mean sea trout. They are all right if you eat them within an hour, otherwise they get soft.

Q. Yes. We cut them up and salt them in brine.

Q. [Mr. Young] A big gate today.

THE PRESIDENT: Did you ever try baking a fish in mud? It is the most delicious thing in the world. It is all solid and then you crack it open. You use nice good, clean clay.

Q. Is that so?

THE PRESIDENT: We have answered all the questions in the front row while you were all coming in in the back row.

Q. Did you hear about the House vote on the lending bill?

THE PRESIDENT: I did. I have not had an analysis on it yet.

Q. Any comment on it?

THE PRESIDENT: How did it line up?

Q. 193 to 166 refusal to help the rule. There were 147 Democrats, the count showed, joining the Republicans.

THE PRESIDENT: Practically a solid Republican vote?

Q. Yes; very few opposed, one or two.

THE PRESIDENT: I think this, by way of comment: We have to look at the results if we do not get legislation at this session. If we had been able to start the lending program, the effect of it would have been felt by industry within from sixty to ninety days. In other words, orders would have begun to flow in to industrial plants. That would have put people to work and, almost automatically, a certain proportion of those people put to work would have been taken off the relief rolls, thereby accomplishing the fact of reducing Government expenditures for relief, thereby reducing taxes to the average taxpayer and, at the same time, giving employment without permanent cost to the Government or to the taxpayers.

So, the net result is, from that point of view, that the failure of the bill is automatically going to cost the taxpayers of the United States quite a lot of money, a good many hun-

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dreds of millions of dollars and, at the same time, will mean that a large number of industrial plants will not have their production stepped up in the same way as if the bill had gone through. There will be more people who will have to be taken care of on relief than if the bill had gone through. That is perfectly obvious. Of course, the people who were responsible for the failure to adopt the rule have an absolute right to make that determination, so there can be no possible criticism of the action of Congress; except that there is an absolute right on the part of the taxpayers of the country and the people on relief in the country and the industrial plants of the country to know exactly where the responsibility lies and, of course, an equal right to ask the names of the people or parties who voted against the rule.

Now, of course that can all be reduced, very simply, to figures. I have not had any chance to have the thing reduced to figures of dollars or of human beings, but it is a very simple thing to figure out how many dollars would have gone out, let us say within a year, under the lending bill if it had gone through. From past experience, we know how many people, very definitely, how many people are put to work for every dollar spent on public improvements of various kinds. So, if you figure the number of dollars that would have been spent within a year on public works by the lending method, you will be able to find out the number of people who would have been put to work under that program within a year, and, *per contra*, you can see how many people will fail to get work through the failure of the bill.

And then, we also know, in spending public money, what proportion of people on public works are drawn from relief rolls and it means that those people have to be taken care of on relief, as they are at the present time, rather than removed from the relief rolls.

That is about the long and short of it.

Q. Do you recall what those figures are, by any chance?

THE PRESIDENT: No.

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Q. On that tax, can you elaborate? Can it be interpreted that this new tax bill will call for higher taxes on the public to meet the situation?

THE PRESIDENT: No.

Q. What did you mean when you said it called for higher taxes and more taxes?

THE PRESIDENT: Because every man that we take care of on the relief rolls costs the people some taxes, does he not?

Q. I thought you meant additional taxes.

THE PRESIDENT: No.

Q. You did not recall those dollars and the people—the proportion. Does this refresh your memory at all? I may be wrong about it, but for every man on the Public Works payroll, Secretary Ickes used to say there were three or three and a half men behind the line. Does that bring anything up?

THE PRESIDENT: Yes. That was the figure that was used on all P.W.A. estimates and checked back after the actual work was done, and that was the figure—about three and a half people are put to work behind the lines for every person that is put to work on the job itself.

Q. Would that apply?

THE PRESIDENT: That would apply in this case; the same thing.

Q. But you do not know how many dollars it took to put one man to work on P.W.A.? You do not recall?

THE PRESIDENT: No.

Q. Have you any plans to meet the situation while Congress is still in session.

THE PRESIDENT: I don't think there is anything to be done.

Q. Will you ask for a larger relief appropriation?

THE PRESIDENT: No. Congress has determined that already.

Q. Is it a fair guess that this matter will come up at the next session to be urged by you, sir, at the next session?

THE PRESIDENT: I do not know, Fred [Mr. Essary]. I only got to that point. I only heard about it about an hour and a half ago. I do not think that fast.

Q. There was also talk at the Capitol that the \$800,000,000

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housing bill will go down also, as a result of this same Congressional attitude?

THE PRESIDENT: As you know, also on the housing proposition, one of the principal objectives was to begin slum clearance in a great many of the smaller cities of the country.

The first lot of projects that were put into effect last year have related, you might say, to the most important and crying needs of the larger cities in the country. We are now getting down to the point of being able to make a dent in the slum conditions in many of the smaller cities, so that it would affect pretty nearly every state of the Union in the course of the coming year, and that, of course, would mean putting a great many people to work.

Q. That is not yet killed?

THE PRESIDENT: No, but, as I say, if it is killed also, a great many people would lose a chance for a job which they otherwise would have had.

Q. There is a housing program that has not yet run out of money. Isn't that so?

THE PRESIDENT: That is perfectly true but, as you know, there are applications in that will more than take care of all that money, and it takes quite a while after an application first comes in to get the plans and everything all through; and there is not, actually, enough money still available to meet all the applications that are already in.

Q. Going back to those figures once more, did you determine, even in round numbers, how much employment you figured your lending program would give?

THE PRESIDENT: No, because that involves my knowing how many people or how many dollars are necessary to put an individual workman to work on a project and I do not remember the figure.

Q. Senator Barkley said in his report to the Banking and Currency Committee that it would create 500,000 new jobs.

THE PRESIDENT: If he said that, it is probably correct. Senator

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Barkley would not have made the statement unless he had pretty good authority.

Q. We understood that to be the first-line jobs and not those behind the lines.

THE PRESIDENT: Yes.

Q. Mr. Jones said there was \$1,300,000,000 of lending authority in the R.F.C., and as I read your program, it only called for \$700,000,000 expenditure during the next year. Couldn't this be very easily taken care of by a little change in the authority of lending? That is, couldn't the three billion —

THE PRESIDENT: [interposing] That is essentially what this bill did. It was just to take care of these "litty-bitty" things that would make those existing funds available.

Q. But it did not sound "litty-bitty" the way you put it out. (*Laughter*)

THE PRESIDENT: Yes. You know you can accomplish a lot sometimes with just a few words and it does sound fairly important when a "litty-bitty" change will put five hundred thousand people to work in the front lines. Isn't that right? That is something to think about.

Q. Of course they contended, up on the Hill, that most of these things the R.F.C. could do now and that they had the three billions.

THE PRESIDENT: And the R.F.C. would do them now if they had a "litty-bitty" change, and that is what we were asking for in this bill.

Q. One of the criticisms raised was that you were trying to circumvent the \$45,000,000,000 constitutional —

THE PRESIDENT: [interposing] Now, let me ask you a question, a very simple question: Suppose there is a bank that has a million dollars of deposits in your home town, which is a good average small town bank. It has a million of deposits. Of course that is a direct debt from that bank to the people who put money into it. It is a direct debt. Would it be fair to you to get up in the Congress, or on the stump, or write an editorial and say, "We wish to call your attention to

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the fact that the First National Bank of this town has a debt of \$1,000,000. We wish to call your attention to the fact that this is a tremendous sum for the First National Bank to owe." And then you end your editorial or speech on that note. Would that be fair?

And yet, that is what every one of these people are saying. Now, of course it would be fair if you said, "Yes, it owes a million dollars but it has assets for that million dollars and more besides because it has all of its paid-up capital in addition to that million dollars, which stands behind the debt of the million to the depositors." Therefore is it a fair proposition to say that, when the Government borrows money and then lends that money out—in other words, it is doing just exactly what the First National Bank of Squeedunk is doing—the Government is that much indebted? Is that any different case from the case of the First National Bank? Isn't it fair to say that the Government has received for its million dollars which it has borrowed and then loaned, certain security, certain assets, certain promises to pay, just like when the bank buys the mortgage of the farmer, takes a mortgage on his farm and lends him the money?

The Government, in this case, puts the money out on good security, a straight credit basis.

If you read the Congressional Record for the spring of 1934, you will find speech after speech in the Senate and the House by the Republicans and by a few Democrats, stating that all this business of Jesse Jones lending out this money was all "bunk"—that we would never get the money back, that we would be lucky if we ever got fifty per cent of the money back. Read it in the Congressional Record.

And the Director of the Budget at that time came in with a long face, day after day, and said, "Mr. President, you should not accept Jesse Jones's statement that he is going to get back practically all of the money that he has been lending out." He said, "You will be everlastingly lucky if Jesse Jones gets back half the money he ever lends out." He pulled

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a long face so often, that I was afraid he was not in sympathy with what we were doing; and he got out. (*Laughter*)

And of course the record shows that he was wrong and that these people in the House and Senate were wrong, because Jesse Jones has got it nearly all back. Now, there is the record and they are pulling the same old line at the present time. They are saying, "This lending money, you will never get it back." The same crowd is saying it that said it in 1934. There is nothing new in this world. It is all the same idea.

Q. Would you like to say a few words in commemoration of the historical significance of tomorrow? Tomorrow will be the twelfth anniversary of the statement of former President Coolidge that he did not choose to run. (*Laughter*)

THE PRESIDENT: Are you suggesting that I should take my summer holiday in the Black Hills? (*Laughter*)

Q. No, sir; I merely wanted a few words in commemoration.

THE PRESIDENT: I think, on my summer holiday I am going to be away, off at sea, and I am going to take three gentlemen of the Press, from the Press Associations, who will follow me on a destroyer. I hope for their sake it will be a smooth sea. Everything that they send in from the destroyer, you see, has to go through me. (*Laughter*) So you will get duly censored news all the time I am away. That is the only case where we have censorship of the Press. Then, when they get sick, I shall have to write their stories for them, so that will be that much worse.

Q. There is a bill in the Senate, a measure that extends the life of the civil liberties measure. It is jammed up somewhere. Do you know about that?

THE PRESIDENT: I have said it before and I want to make it just as strong as I possibly can, that I hope that amount will be given by the Senate to extend the work of that Civil Liberties Committee.

As I understand it, they thought a year ago, a year ago last spring, just before the session ended, that if they got the

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final \$50,000, it would complete their work. But, as the investigation went on last fall, they uncovered a great many new things that they believed were violations of certain civil liberties, and they believed that those new things ought to be investigated; but Senator La Follette felt that, having given his word that that final \$50,000 would be the final \$50,000, he felt that he ought not to ask for any more. He made a statement on the floor that that was the only reason he had not asked for it, but he and his colleagues actually felt and stated that they ought to have it to look into those new things that they had uncovered. So I hope very much, for the sake of civil liberties in this country, that the allocation of money will be given to them. . . .

Q. Have you made up your mind what you are going to do about the Hatch Bill?

THE PRESIDENT: Yes.

Q. Would you care to tell us?

THE PRESIDENT: No. (*Laughter*)

Q. Would you care to tell us —

THE PRESIDENT: [interposing] I think you will get something tomorrow.

Q. On civil liberties, did I understand that only the Press Associations are going with you on your northern trip?

THE PRESIDENT: That is all, Russ [Young].

Q. Just for the record, that is all. (*Laughter*)

THE PRESIDENT: Why don't you get hired by the Press Association for the occasion?

Q. No, thanks.

Q. Will Senator Hatch have any desire to have that pen as a souvenir? (*Laughter*)

THE PRESIDENT: That is not even subtle. (*Laughter*) . . .

(See following Item for discussion of the Hatch Act.)

## 100 ¶ The President Signs and Discusses the Hatch Act. August 2, 1939

*To the Congress:*

BECAUSE there have been so many misrepresentations, some unpremeditated, some deliberate, in regard to the attitude of the Executive Branch of the Government in relation to Senate Bill 1871, "An Act to Prevent Pernicious Political Activities," and because a number of questions have been raised as to the meaning and application of some of its provisions, I deem it advisable at the time of executive approval to make certain observations to the Congress of the United States.

The genesis of this legislation lies in the message of the President of January 5, 1939, respecting an additional appropriation for the Works Progress Administration. I said in that message: "It is my belief that improper political practices can be eliminated only by the imposition of rigid statutory regulations and penalties by the Congress, and that this should be done. Such penalties should be imposed not only upon persons within the administrative organization of the Works Progress Administration, but also upon outsiders who have in fact in many instances been the principal offenders in this regard. My only reservation in this matter is that no legislation should be enacted which will in any way deprive workers on the Works Progress Administration program of the civil rights to which they are entitled in common with other citizens."

Furthermore, in applying to all employees of the Federal Government (with a few exceptions) the rules to which the Civil Service employees have been subject for many years, this measure is in harmony with the policy that I have consistently advocated during all my public life, namely, the wider extension of Civil Service as opposed to its curtailment.

It is worth noting that nearly all exemptions from the Civil Service, which have been made during the past six years and a

half, have originated in the Congress itself and not in the Executive.

Furthermore, it is well known that I have consistently advocated the objectives of the present bill. It has been currently suggested that partisan political reasons have entered largely into the passage of the bill: but with this I am not concerned, because it is my hope that if properly administered the measure can be made an effective instrument of good Government.

As is usual with all bills passed by the Congress, this bill has been examined, on its receipt at the Executive Offices, by the appropriate departments or agencies, in this case the Attorney General of the United States and the Civil Service Commission.

The Attorney General has advised me that it seems clear that the Federal Government has the power to describe as qualifications for its employees that they refrain from taking part in other endeavors which, in the light of common experience, may well consume time and attention required by their duties as public officials. He points out, however, that such qualifications cannot properly preclude Government employees from the exercise of the right of free speech or from their right to exercise the franchise.

The question of constitutionality being resolved in favor of the bill, our next inquiry relates to the exercise and preservation of these rights. It is obvious that the intent of the bill is to follow broadly the provisions of Civil Service regulations that have existed for many years in regard to political activities of Federal employees.

It is because I have received and will continue to receive so many queries asking what a Government employee may or may not do that it seems appropriate at the outset to postulate the broad principle that if the bill is administered in accord with its spirit, and if it is in the future administered without abuse, oppression or groundless fear, it will serve the purpose intended by the Congress.

For example, I have been asked by employees of the Govern-

ment whether under this law they would lose their positions if they merely attend political meetings. The answer is, of course, No.

I have been asked whether they would lose their positions if they contributed voluntarily to party or individual campaign funds without being solicited. The answer is, of course, No.

I have been asked whether they would lose their positions if they should merely express their opinion or preference publicly—orally, by radio, or in writing—without doing so as part of an organized political campaign. The answer is No.

I have been asked if citizens who have received loans from the Home Owners' Loan Corporation, from the Farm Credit Administration or its subsidiaries, from the Farm Security Administration, from the Reconstruction Finance Corporation and other Government lending agencies, would be subject to the terms of this bill. The answer is No.

I have been asked whether farmers receiving farm benefits would be bound by the terms of the bill. Again, the answer is No.

I have been asked if Government employees who belong to Young Republican Clubs, Young Democratic Clubs, Civil Service Reform Associations, the League of Women Voters, the American Federation of Labor, the Congress of Industrial Organizations, and similar bodies are subject to the penalties of the measure because of mere membership in these organizations. The answer is No.

There will be hundreds of similar questions raised in the actual administration and enforcement of this bill. Such questions will be asked in most cases by individuals in good faith. And it is only fair that they should receive an answer. I am, therefore, asking the Attorney General to take the necessary steps through the new Civil Liberties unit of the Department of Justice in order that the civil rights of every government employee may be duly protected and that the element of fear may be removed.

I have been asked if the bill applies to veterans—Civil War,

*100. Hatch Act*

Indian Wars, the War with Spain, the World War—retired officers and men of the Army, Navy and Marine Corps who, though not Government employees, are receiving benefits or pensions of one kind or another. The answer is, of course, No.

I have been asked if the Act applies to those who get Government benefits under the Social Security Act in the form of old age pensions or in the form of unemployment compensation. The answer is No.

Finally, I have been asked various questions relating to the right of a Government employee publicly to answer unwarranted attacks made on him or on his work or on the work of his superiors or on the work of his subordinates, notwithstanding the fact that such attacks or misrepresentations were made for political purposes by newspapers or by individuals as a part of a political campaign.

This raises the interesting question as to whether all Government officials except the President and Vice President, persons in the office of the President, heads and assistant heads of Executive Departments and policy determining officers appointed by and with the advice and consent of the Senate must remain mute if and when they or the work with which they are concerned are attacked and misrepresented in a political campaign or preliminary thereto.

It will be noted that the language of the bill wholly excludes members or employees of the Legislative Branch of the Government from its operation.

It can hardly be maintained that it is an American way of doing things to allow newspapers, magazines, radio broadcasters, members and employees of the Senate and House of Representatives and all kinds of candidates for public office and their friends to make any form of charge, misrepresentation, falsification or vituperation against the acts of any individual or group of individuals employed in the Executive Branch of the Federal Government with complete immunity against reply except by a handful of high executive officials. That, I repeat, would be un-American because it would be unfair, and the great mass of

Americans like fair play and insist on it. They do not stand for any gag act.

It is, therefore, my considered opinion, in which the Attorney General of the United States joins me, that all Federal employees, from the highest to the lowest, have the right publicly to answer any attack or misrepresentation, provided, of course, they do not make such reply as part of active participation in political campaigns.

The same definition of fair and proper administration of the bill applies to the right of any Government employee, from the highest to the lowest, to give to the public factual information relating to the conduct of governmental affairs. To rule otherwise would make it impossible for the people of the United States to learn from those who serve the Government vital, necessary and interesting facts relating to the manifold activities of the Federal Government. To rule otherwise would give a monopoly to originate and disseminate information to those who, primarily for political purposes, unfortunately have been given to the spreading of false information. That again is unfair and, therefore, un-American.

It is, I am confident, the purpose of the proponents of this legislation that the new law be thus administered so that the right of free speech will remain, even to those who serve their Government; and that the Government itself shall have full right to place all facts in its possession before the public. If some future Administration should undertake to administer this legislation to the detriment of these rights, such action would be contrary to the purpose of the Act itself and might well infringe upon the constitutional rights of citizens. I trust that public vigilance will for all time prevent this.

The Attorney General calls my attention to a practical difficulty which should be corrected by additional legislation as soon as possible. For many years there has been an exception to the Civil Service regulation whereby employees permanently residing in the District of Columbia or in municipalities adjacent thereto may become candidates for or hold municipal office in

*101. Abolition of Child Labor on American Vessels*

their municipalities. This and a few similar exceptions should, I believe, be maintained.

The other question relates to the fact that the bill does not in any way cover the multitude of State and local employees who greatly outnumber Federal employees and who may continue to take part in elections in which there are candidates for Federal office on the same ballot with candidates for State and local office. It is held by many who have examined the constitutional question that because the Congress, under the Constitution, may maintain the integrity of Federal elections, it has the power to extend the objectives of this bill so as to cover State and local Government employees who participate actively in Federal elections. This is at least worth the study of the Congress at its next session and therefore before the next Federal election.

It is because for so many years I have striven in public life and in private life for decency in political campaigns, both on the part of Government servants, of candidates, of newspapers, of corporations and of individuals, that I regard this new legislation as at least a step in the right direction.

101 ¶ A Recommendation to Abolish Child  
Labor on American Vessels. August 3, 1939

*To the Congress:*

TO FULFILL the obligations of this Government under the Minimum Age (Sea) Convention (Revised), 1936, I transmit herewith for the favorable consideration of the Congress the enclosed report from the Secretary of State and the accompanying draft bill to implement the convention.

This bill was prepared by an interdepartmental committee after careful consideration of the questions involved. The purpose of the proposed bill is to establish minimum standards for the employment of minors on American vessels comparable to the standards heretofore adopted by the Congress for the pur-

*102. Five Hundred and Sixty-ninth Press Conference*

pose of eliminating interstate traffic in the products of child labor. These standards consist in a basic minimum age of 16 years for employment on small vessels and a minimum age of 18 years for employment on large vessels and in certain other maritime employments considered to be particularly hazardous or detrimental to the health and well-being of minors of such ages.

I heartily recommend enactment of this proposed legislation for it will extend still further our frontiers of social progress by erecting additional safeguards against the employment of the youth of our Nation at immature ages.

Inasmuch as the convention heretofore ratified by the Government of the United States will become effective for the United States on October 29, 1939, it is a matter of great importance that legislation be enacted at this session of the Congress.

102 ¶ The Five Hundred and Sixty-ninth Press Conference (Excerpts). August 4, 1939

*(Congressional bills—Presidential cruise—Statement of Senator Taft—Administrative assistants—Division of dam and reservoir construction between Bureau of Reclamation and Corps of Army Engineers.)*

Q. Look at that necktie! [Referring to necktie worn by General Watson]

Q. Watson's necktie!

Q. You do not have to look at the mirror.

Q. It is a breakfast egg tie.

Q. [Mr. Young] Do you think you will go down the river tomorrow?

THE PRESIDENT: No, I shall stay right here. Bills will begin coming in tomorrow, I hope.

I do not think there is any news. Rudolph [Mr. Forster] says there are about 350 bills, somewhere between that and 400, that are due to come to us—after the Congress has ad-

*102. Five Hundred and Sixty-ninth Press Conference*

journed. I shall stay here for two full days to see any members of the House or Senate that want to come in and talk about anything and, incidentally, I shall sign bills on the side. Then I shall go up to Hyde Park and keep on signing bills for nearly a week — and vetoing. Then I shall get on the cruiser and disappear for a little while.

Q. How long do you intend to disappear, Mr. President?

THE PRESIDENT: A week or ten days.

Q. Where will you board the cruiser, Mr. President?

THE PRESIDENT: I do not know yet definitely; probably New York.

Q. Mr. President, I know you do not anticipate things of this sort, but there is a Civil Service Retirement Bill which you possibly know all about by now. Do you intend to sign it?

THE PRESIDENT: I do not know enough about it yet, Earl [Mr. Godwin]. The general principle is pretty good. I have not seen the bill in its final form. . . .

Q. Getting back to the cruise, when you finish with the cruise are you going back to Hyde Park or here?

THE PRESIDENT: Probably at the end of the cruise we shall turn around and come back here because I shall have been away for about two weeks. I probably shall come back here for a while and then go to Hyde Park; and between then and October I shall divide my time between here and Hyde Park.

Q. Where does that put the Western trip?

THE PRESIDENT: About the first of October.

Q. Do you agree or disagree with the statement of Senator Taft to the effect that no sensible person will want to be President after 1941? (*Laughter*)

THE PRESIDENT: No sane person, did you say?

Q. No sensible person.

THE PRESIDENT: Did he say that about his own candidacy? (*Laughter*)

Q. He said it in connection with his own candidacy.

Q. Won't you answer?

102. *Five Hundred and Sixty-ninth Press Conference*

THE PRESIDENT: Don't you think that is an awfully good answer that I have already given?

Q. Have you found any more people with a "passion for anonymity" yet? [Referring to the administrative assistants to the President.]

THE PRESIDENT: Not yet.

Q. Are there to be three more appointed or are you going to stand pat on the first three?

THE PRESIDENT: I am not going to stand pat on the first three. Whether I will appoint three more, I do not know. In other words, there is no reason why I should not tell you the exact situation. My general thought is that I will appoint two more, and keep the sixth place vacant as a place to put in somebody to perform some special duty, some specific duty of a temporary character. That was the general thought originally, and it seems to be a pretty good one.

Q. Would that, then, be temporarily filled from time to time, Mr. President?

THE PRESIDENT: If necessary.

Q. Any comment on the House action on the housing bill yesterday?

THE PRESIDENT: No comment. *Res ipsa loquitur*; including the roll call.

Q. When will those two be appointed?

THE PRESIDENT: I do not know.

Q. Mr. President, there seems to be some conflict between the Army Engineers having charge of flood control projects and the engineers of the Bureau of Reclamation, regarding the construction of some dams and reservoirs in the West. I believe you recently had some people here to talk over that situation. Is there anything you can tell us about it?

THE PRESIDENT: Yes. It goes back, really, to the first study of the reorganization steps two years ago. At that time we had two agencies that were building the larger type of dams. One was the Bureau of Reclamation that has built Boulder Dam

and was building Grand Coulee; and the other was the Army Engineers that were building Fort Peck and Bonneville.

The feeling at that time was that these two construction agencies ought to be maintained for construction work in such a way that neither one of them would overwhelm the other, that there would be what might be called a healthy rivalry between the two big Government construction agencies instead of having the whole thing done by one. Both are extremely good.

In the past few years the Army Engineers have, of course, got away beyond the Army personnel in their construction work. It was thought, for that reason, that the Army Engineers should not become too big. They only have a limited number of officers that can do the work; and it has got to the point where something like three-quarters of the Army Engineers' construction work was being done by civilian employees. The reason for keeping them from absorbing all the work is that their primary function is a military function. In case of war the Army Engineers are intended, the great bulk of them, for service at the front with the Army and, therefore, we felt it would be a mistake to make them so big that they would do all the construction work.

So we laid down what might be called a rule of thumb; and that was that they would continue to do all the harbor work, all the Mississippi work and all the river work where flood control was the primary function—flood control and navigation, the two being tied together; and to allocate the rest of the work, that is to say, on the upper reaches of a river, especially where navigation did not enter into it, in such a way that the Bureau of Reclamation would be kept going with equal importance to the Army Engineers—to keep both organizations functioning. Each one would be merely a check on the other. The result is that we have now a very excellent system worked out so that when a report is asked from either Reclamation or the Army Engineers, it is studied by the other service.

### 103. *Interlocking Bank Directorates*

If there is a question of a dam on the upper reaches of the river that has irrigation possibilities, we weigh the importance of the irrigation as compared to navigation and flood control; and in some cases, of course, power enters into it to a certain extent. The system as worked out now will mean no crossing of wires, but it will mean that if a dam is principally for irrigation it would be done normally by the Reclamation people; and if it is primarily for navigation, it would be done by the Army Engineers. . . .

(See Item 241A, page 675, 1936 volume; and notes to Items 41 and 44, 1938 volume, for discussion of the six administrative assistants, who the President's Committee on Administrative Management recommended should have a "passion for anonymity." For a further discussion of steps taken to insure effective control of floods, see Items 21, 36, 106, 1933 volume; Item 99, 1934 volume; Items 8, 73, 1935 volume; Item 50, 1936 volume; Items 50, 52, 67, 103, 1937 volume; Item 32, 1938 volume; Item 88, 1940 volume.)

### 103 ¶ A Veto of a Bill to Extend the Grace Period for Interlocking Bank Directorates.

August 5, 1939

*To the Senate:*

I RETURN herewith, without my approval, Senate Bill 2150, "An Act to amend section 8 of the Act entitled 'An Act to supplement laws against unlawful restraints and monopolies, and for other purposes,' particularly with reference to interlocking bank directorates, known as the Clayton Act." If it was in the public interest in 1935 for the Congress to decide to terminate these relationships, it is in the public interest to terminate them now. Affected banks and affected directorates have had over four years to make adjustments. That would seem to be a liberal time.

If the Congress wishes to reverse itself and allow interlocking

#### 104. *Reduction of Governmental Costs*

directorships in the future, it can, of course, do so. But I do not think that the Congress should nullify its policy, declared in 1935, by extending interlocking directorships for another four years on top of the four years' extension which has already been given.

### 104 ¶ The President Directs Departmental Surveys to Reduce Government Costs.

August 7, 1939

*To the Heads of Departments, Independent Establishments and Other Government Agencies:*

THE PASSAGE of the Reorganization Act of 1939, and the subsequent transfers and consolidations effected under Reorganization Plans Nos. I and II will result in a more efficient and more economical conduct of governmental operations. Savings in administrative costs will be made during the present and each succeeding year through the operation of these reorganization plans and through improvements in administrative procedures which will be stimulated by the plans.

In the same manner, numerous administrative improvements and economies in operations can undoubtedly be effected in many other units of Government quite aside from the ultimate need of further basic reorganization.

It is my desire that the heads of Executive Departments and independent establishments of the Government immediately survey the organization and administrative methods of their Departments and establishments for the purpose of effecting improvements in administration and economies in operation. I believe that substantial savings can be effected in the cost of Government for this fiscal year and for succeeding fiscal years, and I wish to see such savings reflected in the apportionment of appropriations for the current year and in the submission of estimates for the fiscal year 1941.

### *105. Objectives of Court Fight of 1937*

When your estimates for the fiscal year 1941 are presented on September 15 next, they will be accompanied by a statement of anticipated savings which you believe can be effected during the current fiscal year, and the methods through which such savings are expected to be accomplished.

(See Items 66 and 77, this volume, for discussion of Reorganization Plans Nos. I and II.)

## 105 ¶ President's Statement on Attaining the Objectives of the Court Fight of 1937.

August 7, 1939

It is worth recording that today, August 7, 1939, deserves special recognition because it marks the final objective of the comprehensive proposal for judicial reorganization which I made to the Congress on February 5, 1937. The country is naturally concerned with the attainment of proper objectives rather than any one of many possible methods proposed for the accomplishment of the end.

1. Two and a half years ago I proposed the extension to the Justices of the Supreme Court of retirement privileges then available to other Federal Judges. Such an Act was passed March 1, 1937.

2. I called attention to the unwarranted attitude of the Supreme Court with reference to its exercise of constitutional powers. Measures of social and economic reform were being impeded or defeated by narrow interpretations of the Constitution, and by the assumption on the part of the Supreme Court of legislative powers which properly belonged to the Congress. It is true that the precise method, which I recommended, was not adopted, but the objective, as every person in the United States knows today, was achieved. The results are not even open to dispute. Attacks recently made on the Supreme Court itself

by ultraconservative members of the bar indicate how fully our liberal ideas have already prevailed.

3. I called attention to the congested dockets of the Federal Courts, delay in disposing of cases, the need of new blood in the Judiciary Branch of the Government, and the need of additional Judges. Since then twenty-five additional Judges have been provided for by the Congress, and a bill authorizing five more awaits my signature. The congested dockets and the delay have been already almost eliminated.

4. I called attention to the need for greater flexibility in the Judicial system so that Judges could be more readily assigned to areas where the Courts were excessively in arrears. Under the Act of August 24, 1937, a welcome improvement was made in this feature of our Judicial system.

5. I called attention to the intolerable situation when constitutional questions involving Federal statutes were passed on in private litigation, and recommended that no decision, injunction or decree on constitutional grounds should be permitted without previous notice to the Attorney General and an opportunity for the United States to be heard. By the Act of August 24, 1937, the Attorney General was given the right to intervene in litigation between private parties involving constitutionality of Federal statutes, and limitations were placed on the issuance of injunctions in similar cases in the lower Courts.

6. I called attention to the need for direct and immediate appeal to the Supreme Court in cases involving constitutionality of Federal Statutes, such cases to take precedence over all other matters pending in that Court. This right of direct appeal was established by the Act of August 24, 1937, and is now the law of the land.

7. I called attention to the need of the Judiciary itself for effective machinery for overseeing its own dockets and expediting its own affairs. This very day I have, with great satisfaction, approved an Act which sets up an administrative office for the Judiciary.

Thus have been enacted into law six of the actual recom-

106. *Five Hundred and Seventieth Press Conference*

mendations made by me more than two years ago—and the seventh recommendation has been accomplished through the opinions of the Supreme Court itself.

*NOTE:* The statute mentioned in the foregoing statement (Public No. 299, 76th Congress, 53 Stat. 1223) created the Administrative Office of the United States Courts. This Office is headed by a Director, whose duty is to conduct studies and surveys of the conditions of the dockets throughout the 85 judicial districts, to ascertain the extent to which particular districts are falling behind in their work. When the Director finds that a district has accumulated a great deal of business, or that unnecessary delays in the disposition of its business have arisen, he notifies the judicial council of the circuit. Appropriate steps may then be taken

to have an outside judge temporarily designated, or to have other means provided to assist in carrying the burden of work.

When I signed H.R. 2660 in 1937, I stated that it contained some improvements in our court system (see Item 102, 1937 volume). However, I also stated that it did not achieve all the objectives of judicial reform originally proposed in my message of February 5, 1937 (see Item 12, 1937 volume). My statement above lists the judicial reforms which have come since that message. The bill establishing the Administrative Office of the United States Courts was a further step toward complete attainment of these objectives.

106 ¶ The Five Hundred and Seventieth Press Conference (Excerpts). Hyde Park, New York.  
August 8, 1939

*(The Shaikh of Bahrein—Attainment of the objectives of judicial reform—Arms embargo—Unemployment, relief, and the defeat of the lending bill—Baseball game.)*

THE PRESIDENT: Who else is here? I am trying to see what paper Tommy [Mr. Qualters, the President's bodyguard] represents.  
*(Laughter)*

I have only 145 bills left to act on, and they have not yet come to me. In other words, last night the last thing I did was to finish going through all the bills that I have. All that have

come to me have been either signed or vetoed except about ten that were sent back for further information, and I still have 145 to come. Have we a pouch coming tonight?

MR. HASSETT: Probably tomorrow morning.

THE PRESIDENT: Yes. So that by tomorrow morning I shall probably get a good batch of the 145. I am not working on the bills today. I am trying to catch up with what you see on my desk. Did you ever see such a mess? (*Laughter*)

Sidney Hillman is coming to lunch. And after lunch, Jimmy Moffett is bringing the Shaikh [pronounced shake] or Shaikh [pronounced sheek] or Shaikh [pronounced shike], whichever way you want to pronounce it, Mohammed of Bahrein. Of course you all know where that is. That is, just to say, "How do you do?" Do any of you know Bahrein?

Q. I hope not. How do you spell it?

MRS. ROOSEVELT: I am dying to know where it is.

THE PRESIDENT: Such absolutely crass ignorance I have never seen.

MRS. ROOSEVELT: Is it Arabia or northern Africa?

MR. HASSETT: You are doing very well, Mrs. Roosevelt.

THE PRESIDENT: You are getting hot.

MRS. ROOSEVELT: Tell me where it is.

THE PRESIDENT: Well, it is an island in the Arabian Gulf, that is to say between Arabia and Persia. It is ruled by an independent Sheek, Shike or Shake (*laughter*) and it is a very excellent oil country.

Q. How long, Mr. President, have you known of this? (*Laughter*)

THE PRESIDENT: I have always known it. I have always known it because, you see, I collect stamps.

MRS. ROOSEVELT: I regret to say that we have never been able to stump him on a question of geography. It is the most horrible thing. (*Laughter*)

THE PRESIDENT: Well, you know where Muscat is. Heavens, I had the Sultan of Muscat as an official guest of the Government a year ago. Well, it is a little north of Muscat, just on the mainland of Arabia, but it is an island off the coast.

Q. That is the fellow that gave you the golden —

THE PRESIDENT: [interposing] Yes, the golden scimitar, or something like that. Anyway, it is an exceedingly effective weapon if properly used.

He [the Shaikh] is just coming up to say, "How do," that is all.

Outside of that I have absolutely no appointments except on Thursday — well, you don't want to break that story yet. It is just the annual report of the National Infantile Paralysis Foundation. You had better wait for that until tomorrow.

Q. You still have not told us how to spell the name of this —

MR. HASSETT: [interposing] I have got this [indicating telegram] here. You can have it. You have it greatly abbreviated. You might read it now that you have it.

Q. I don't know — Shaikh here is spelled S-h-a-i-k-h.

Q. This is spelled S-h-a-k-a-i-h.

THE PRESIDENT: I would avoid your own way. There are great differences between the "a" and the "e." You had better stick to what Bill [Hassett] says. You would insult him otherwise.

Q. [Mr. Harkness] Mr. President, you stated yesterday that while Congress had refused to go along with one of the methods of the Supreme Court liberalization program, you had gained all of the objectives?

THE PRESIDENT: That is right. In other words, I note in stories that the other six objectives have been largely slurred over. Now the other six objectives, of course, were of interest to everybody in this country. They were of interest, first of all, in the expediting of cases. The delay in bringing cases to trial of two years and three years was always to the disadvantage of the poor litigant, whether he was plaintiff or whether he was defendant. In other words, he could not afford to wait, and the rich litigant could afford to wait two or three or four years, as very often happened. Therefore, the speeding up of the calendars has made a great deal of difference in affording adequate and proper justice in all of the jurisdictions of the Federal Courts. I do not think that that,

from the point of view of justice, should be slurred over as an accomplishment.

Now, of course, that has been greatly aided by two of the seven things that went through. The first was the retirement privileges, which have enabled older judges, who could not work as fast as younger judges, to retire. The next was the appointment of additional judges in those judicial districts where there were not enough judges to handle the number of cases. The bill for that has not come to me yet; but I will undoubtedly sign it when it does, making a total of thirty new judges.

And then connected with that a little bit, but more on the constitutional end, two of the other bills are of very great importance. In the past, two private litigants could, in a private suit between themselves, raise a constitutional question which would be determined without any chance for the Government to appear in the case to defend the law that had been passed by the Congress. That situation has been taken care of by permitting the Government to intervene. The Government is now entitled to have notice of the constitutional questions raised served on it right away.

Then, along that same line, it has always been possible in the past, by an injunction in the lower court, to tie up a whole statute for two or three or four years on a constitutional question while the issue was working its way gradually up to the Supreme Court. Now, under the new legislation, it means that the constitutional question goes from the original court right away quick to the Supreme Court of the United States, where it must be put at the top of the preferred list of cases. That also saves the poor litigant a tremendous delay and, incidentally, it is serving the Government itself and everybody else by getting a determination of constitutional questions quickly, instead of tying the question up. We have, of course, lots of illustrations. On the N.R.A. it took months, and sometimes it takes several years to get the constitutional question before the Supreme Court.

Now we can get it immediately before the Supreme Court as a preferred case.

I think it is very important to stress the fact that out of the seven objectives—and they are all very, very important objectives—six were obtained by legislation, and the seventh by the opinions and decisions of the Supreme Court itself, which is not bad.

Q. [Mr. Harkness] A thousand per cent. It is a good batting average.

Mr. President, then the logical second half of the question is this: That the recent Congress also disagreed with you on method, particularly regarding neutrality and domestic recovery through the—

THE PRESIDENT: [interposing] No, I would not say that, Dick. I would not say they disagreed on methods. What I would say is this: That they made a bet—not the Congress, don't, for Heaven's sake, say "The Congress," but a substantially unanimous Republican minority in both Houses, both the House and Senate, plus about twenty per cent, twenty-two per cent of the House and twenty-five per cent of the Senate, have made a bet with this country that the President was wrong. And I hope they win their bet. But, if they do not win their bet, the responsibility is one hundred per cent on a solid Republican minority plus a small minority of the Democrats. . . .

Now, you see, that is not disagreement on method; that is a disagreement both on neutrality and on cushioning the necessity of laying off a great many people this coming spring. On the neutrality end, they bet the Nation, made a large wager with the Nation, which may affect, if they lose it, about a billion and a half human beings. Now, that is pretty important. They have said, "There will be no war until sufficiently long after we come back in January so that we can take care of things after we come back," and I sincerely hope they are right. But, if they are not right and we have another serious international crisis they have tied my hands,

and I have practically no power to make an American effort to prevent such a war from breaking out. Now, that is a pretty serious responsibility.

If they are wrong, of course, and if the situation should get to a crisis with a lack of power on my part to try to avert it the way I did in September of 1938 and April of 1939, why, of course, it is perfectly obvious who will be solely responsible—a solid Republican minority plus twenty to twenty-five per cent of the Democrats. And I hope they win their bet.

Then, on the other big wager they have made, they have bet the country that when the full effect is felt of taking a million human beings off the relief rolls, which is about four million people, counting their families, during the course of this year, and, at the same time, having all the P.W.A. work coming to an end this coming spring, that private industry and private business will take up that whole slack without the Government doing anything about it. And I hope they win that bet too.

But, if they do not win, and private business and private industry do not put all these people, the million people on relief and the three millions dependent on them, and probably another million people on P.W.A.—if they do not take up that slack then, in that case, again it is perfectly obvious that they have lost the bet with the Nation, and the Nation must and will hold them solely responsible.

I think that covers it pretty well.

Q. [Mr. Belair] You have pretty well anticipated a question I was going to ask in that connection. I do not think I am overstating it very much by saying that the country pretty well expects a statement from you on the House rejection of the housing bill and the lending bill. Might that not be applied—

THE PRESIDENT: [interposing] I think that covers the situation pretty well.

Q. [Mr. Belair] The same thing?

THE PRESIDENT: Yes, so far as your jobs and everything else is concerned, because, after all, it affects the newspapers of the country, it affects the advertising of the country, it affects the circulation of papers. We all know that. . . .

We hope that it goes along all right but, if it does not, we know who will be responsible. It affects even radio. Right? So, just thinking from the point of view of the country, and the good of the world, too, on the international end of it, I hope that they have that right.

Q. [Mr. Harkness] This situation, sir, presents a distinct challenge to business, does it not?

THE PRESIDENT: Oh, a very definite challenge; very definite. And they have a wonderful chance, because, at the present time, the shelves of the country, with respect to all kinds of goods, are not overstocked. The only things that are overstocked are certain agricultural commodities. We have, perhaps, a little excess on the total wheat and we have a rather large excess on the total of cotton, and some excess in dairy products, but, so far as business goes—industry—the shelves are not overstocked.

I have no plans for speeches, because I have no plans ahead at all at the present time until that trip commences on the first of October. I only have two speeches outlined for that—no, three—one at Great Smoky, one at the San Francisco Fair and the other at the dedication of Olympic National Park. I don't think that even through surmise and guessing can you find great political occasions in those three events. Am I right? Even persons who have been close to the Administration—(*Laughter*)

Q. [Mr. Belair] Pretty slim pickings.

THE PRESIDENT: I know it.

Well, you have plenty of stories today. Right? . . .

By the way, talking of illustrations of what I am saying about this rather precipitous decline this coming spring in work, which the Government has helped through existing legislation, you have a very good illustration of what I mean

right here in the town of Hyde Park: The town of Hyde Park applied for grants to build these new schoolhouses to take care of the complete lack of accommodations; and they are, all three, under construction at the present time.

I think we shall have a little trip after I do get back from the cruise or at the end of October to show you these three buildings because they are the first three buildings, so far as I know, around here that have been built of field stone. They will be different from the fifteen thousand other colonial brick schoolhouses that are being built all over the United States and, for a long time to come, we shall have something that is different and classier than anybody else has.

Now, on those three schoolhouses that are being built, 45 per cent with Federal money and 55 per cent with bonds issued by the school district, there are 450 workmen at work. They will be all under roof this fall, late this fall. They will be all under roof and then, of course, once under roof, all the people working on the outdoor part of it will be discharged. There will be, during the course of the winter, a certain number of people employed, a decreasing number of people, in finishing up the interior, the plumbing and painting and flooring and things of that kind. But all three of them will be finished by late in the spring and then there won't be any of these 450 people at work on any public buildings, so far as I know, in this town. And I think the same thing applies to a certain extent to the new consolidated school in Red Hook, the new consolidated school down at Wappingers and the additions to the school in Arlington and certain other public works in the city of Poughkeepsie that have been done with W.P.A. funds.

So, you see, it is rather a practical question of human beings tied up with work, or, putting it the other way around, human beings who are not going to have this work after this coming spring. That is just a practical illustration;

and you can duplicate it in every other county in the United States.

MRS. ROOSEVELT: Give them the illustration of the precipice.

THE PRESIDENT: I was saying to the Missus at breakfast this morning that we have been carrying on now, for some time, at a fairly high level with three million people, workers, on relief rolls, plus probably, counting the people who get out the material for the job, another two million on P.W.A. That is about five million people at work one way or the other, and they have dependent on them four times that number. That is a total of twenty million people who have been given work, not always steady, but some work.

MRS. ROOSEVELT: And some buying power.

THE PRESIDENT: And a great deal of buying power which affects the little grocer and every store on Main Street of Poughkeepsie, which is a good illustration—every single store on Main Street, Poughkeepsie, and the two or three small stores in Hyde Park Village. It affects all the gasoline stations.

Now, coming next spring, there will be a cut down of from three to two million on W.P.A., and on P.W.A., two million will have finished their work, so there are three million out of five million who will no longer be employed with any form of Government assistance. The theory has been, on the part of the solid Republican minority, plus twenty to twenty-five per cent of the Democrats, that business would take up the slack as they lost their work; but it is a very serious condition, because it is not a gradually declining one over a period of years, but, rather, it is a precipice.

That is what the Missus was talking about. It is a precipice and it is always hard to get down a precipice without danger to life and limb; and even then, going down, you have to slow up everything, even if you do get down safely to the bottom of the hill. The theory of the lending bill was to provide a transitional period, in other words, a graduated descent from the level of high employment down on a nice easy grade so as to let business pick up the slack as the

country came down. However, they have voted in favor of the precipice method. . . .

Q. Mr. President, I understand that Lowell Thomas has sent your baseball team a challenge. Have you answered him at all?

THE PRESIDENT: I did not know they had. What does Captain Durno say?

Q. [Mr. Durno] He did send us a challenge but I don't think we can accept. You are not going to be here next Sunday, are you?

THE PRESIDENT: I am going to be gone. I am leaving Saturday morning about ten o'clock.

Q. He suggested, then, after you come back from —

THE PRESIDENT: [interposing] That is all right. Any time around Labor Day.

MRS. ROOSEVELT: Make it for that Sunday before Labor Day.

THE PRESIDENT: That would be all right. But what are we going to do about training?

Q. [Mr. Belair] We are going to Campobello and train.

THE PRESIDENT: Entrain, you mean.

MRS. ROOSEVELT: You will have to do a lot of training. I wanted you in that Virginia Reel. (*Laughter*)

Q. [Mr. Belair] If there was a chink in the woodwork, I would crawl right in. (*Laughter*)

THE PRESIDENT: That is all right; you started off very bravely.

MRS. ROOSEVELT: I think, on the other hand, the "nine old men" (referring to the baseball team of Lowell Thomas, so named) would have to do a lot of training too.

THE PRESIDENT: We will have to get Johnny, but I do not believe he will be back in time.

Q. Can we get any other sons?

MRS. ROOSEVELT: Franklin, Jr., ought to be here because he is supposed to be working with John Mack.

Q. [Mr. Durno] He is pretty good. We need somebody that can hit the ball.

THE PRESIDENT: Well, you have got Tom Qualters here. He used

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to be on the Notre Dame football team. He ought to be able to do something. . . .

(See preceding Item for discussion of the attainment of the objectives of judicial reform; see also Items 93, 94 and 96, this volume, for the initial failure of the Congress to repeal the arms embargo in July, 1939; see also Item 99, this volume, for the effect of the defeat of the "lending" bill.)

107 ¶ Some Political Advice to the Convention  
of Young Democratic Clubs of America.

August 8, 1939

*My dear Pitt Maner:*

PLEASE convey my greetings to the Convention.

Never was there a more timely gathering than that of you Young Democrats at Pittsburgh. Recent events have demonstrated the necessity of a restatement and a reaffirmation of Democratic principles, and no group can undertake this mission as well as the young men and young women of our party.

From the beginning, Democracy has meant progress and its battle ever since Jefferson's time has been a steady conflict with the forces of reaction and special favors. Every time the policies involving greater opportunities for the common man have triumphed, our political enemies have sought to minimize those policies and to neutralize the decisions of the people. Today is no exception to that classical course of events.

Uniformly the party of Nicholas Biddle of Jackson's time, of Quay and Hanna of the Cleveland era and of the Theodore Roosevelt period has bowed to the progressive wing to the extent of pretending accord with the objectives of the progressive administrations but has found fault with the methods requisite for putting and keeping these principles at work. Uniformly have they appealed to such elements in our own party as dreaded the departure from ancient habits or were responsive to the

powerful agencies that financed and controlled local politics. Probably the hoariest story of corruption in American elections is the history of those monied magnates who contributed vastly to the campaigns of candidates of both parties with the idea that they could continue control regardless of the way which the political cat jumped.

Just as there are progressives in the Republican ranks, so there are reactionaries in our own party. Political affiliation is often the child of hereditary principles, begotten in the first instance of issues of terrific importance in the beginning but which have no more significance at present than the inflamed controversy of a century and a half ago as to whether the Capital of the United States should be at Washington or somewhere on the Monongahela River.

Always has it been the aim of the enemies of liberalism to seek to attach to themselves such members of our party. Sometimes they have succeeded; sometimes they have failed.

When they have succeeded they have not infrequently been successful in their efforts to supplant a Democratic administration with a Republican administration. Such happenings, though they have brought dismay for a period, have not sufficed to stop the general and inevitable movement to make our country a better country for all of us rather than to make it a lush pasture for the seekers and holders of privilege.

Every Democratic Administration has left a progressive mark on our own history and has influenced world progress as well. But when it has been succeeded by a typically Republican Administration, progress has slipped backwards—sometimes a few feet and often many miles. It has been said that a great many voters today want us as a nation to stop, look and listen. What they fail to understand is that nations cannot stand still because by the very act of standing still, the rest of the procession, moving forward, inevitably leaves them in the rear. Therefore, their desire to stand still actually means moving backward in relation to the rest of the world.

Republican and Democratic reactionaries want to undo what

we have accomplished in these last few years and return to the unrestricted individualism of the previous century. Republican and Democratic conservatives admit that all of our recent policies are not wrong and that many of them should be retained—but their eyes are on the present; they give no thought for the future and thus, without meaning to, are failing to solve even current social and economic problems by declining to consider the needs of tomorrow. Radicals of all kinds have some use to humanity because they have at least the imagination to think up many kinds of answers to problems even though their answers are wholly impracticable of fulfillment in the immediate future.

Liberals on the other hand are those who, unlike the radicals who want to tear up everything by the roots and plant new and untried seeds, desire to use the existing plants of civilization, to select the best of them, to water them and make them grow—not only for the present use of mankind, but also for the use of generations to come. That is why I call myself a liberal, and that is why, even if we go by the modern contraption of polls of public opinion, an overwhelming majority of younger men and women throughout the United States are on the liberal side of things.

In considering the present and the future of American politics or policies, you have the right and the duty to say to those who want to stand still—“Have you no program other than standing still? We are not satisfied if you tell us glibly that you believe in taking care of old people, that you want the young people to have jobs, that you want everybody to have a job, that you believe in a fairer distribution of wealth—we insist in addition that you give us specifications of how you would do it if you were in power.”

Do not let the reactionaries and the conservatives get away with fine phrases. Pin them down and make them tell you just how they would do it.

The Democratic Party will fail if it goes conservative next

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year, or if it is led by people who can offer naught but fine phrases.

Last Winter, in speaking at the Jackson Day Dinner, I referred to the sad state the country would be in if it had to choose between a Democratic Tweedle Dum and a Republican Tweedle Dee. I want to amend that simile, so let me put it this way: The Democratic Party will not survive as an effective force in the nation if the voters have to choose between a Republican Tweedle Dum and a Democratic Tweedle Dummer.

If we nominate conservative candidates, or lip-service candidates, on a straddlebug platform, I personally, for my own self respect and because of my long service to and belief in, liberal democracy, will find it impossible to have any active part in such an unfortunate suicide of the old Democratic Party.

I do not anticipate that any such event will take place, for I believe that the Convention will see the political wisdom, as well as the national wisdom, of giving to the voters of the United States an opportunity to maintain the practice and the policy of moving forward with a liberal and humanitarian program. A large part of the responsibility for such a choice of fundamental policies lies in the hands and in the heads of the younger men and women of the nation. Be vigilant to keep Tories from controlling your own ranks—just as vigilant as you will be to keep Tory Republicans from controlling your own nation.

We who have borne the heat and burden of the day salute you—you who are about to live!

Very sincerely yours,

Honorable Pitt Tyson Maner,  
President, Young Democratic Clubs of America,  
Pittsburgh, Pennsylvania.

108 ¶ Letter on the Accomplishments of the  
United States Maritime Commission.

August 9, 1939

*My dear Admiral Land:*

THE LAUNCHING of the *America* gives me the greatest personal gratification. It is one of the most important events to take place in the world this year. It signifies an early return of the merchant fleet of the United States to a dominant position on the oceans of the world.

When the Maritime Commission was created in 1936 our merchant fleet had lapsed into a lamentable state. New construction of ocean going vessels had virtually ceased following the War and the average remaining economic life of the merchant fleet was less than five years. Now, that situation is changed. Contracts will have been let for approximately one hundred ships by the end of this year. Eighteen other ships have been launched.

The program of five hundred ships within ten years which has been developed by the Commission and approved by the Executive with consideration of our national defense as well as our commercial needs, is one of which the nation can fairly be proud and in which every citizen has a direct interest. It is not an extravagant program. It is a modest program which will give this country a fleet competitive, if not superior, in speed, efficiency, and safety to those of other nations. It will place 3,950,000 gross tons of new ships on the high seas.

I am particularly thankful for this good work by the Maritime Commission at the present moment. The tense state of the international situation makes it particularly desirable that we have a merchant fleet capable of carrying our commerce if and when foreign ships are withdrawn, and, should the unfortunate necessity arise, of serving as the necessary supply force for naval vessels. You and I know, from our work during the War, the

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disabilities of a Navy which lacks an adequate merchant fleet. With all its enormous potential combat power, such a Navy is tied to its land bases.

When the *America* goes into service on the North Atlantic next spring, she should be filled to capacity on every voyage. The largest ship ever to be built in an American shipyard, I am glad also to be advised that when this ship puts to sea, she will be the safest ship in the world, an attribute of which we may all justly be proud.

It is pleasing to know that the United States Lines have given the Commission such fine cooperation in the design, construction and fitting out of the *America* and to know that this splendid cooperation will produce the last word in efficiency and comfort.

Very sincerely yours,

Rear Admiral E. S. Land,  
Chairman, United States Maritime Commission,  
Washington, D. C.

(For further discussion of the work of the U. S. Maritime Commission, see note to Item 22, 1935 volume; Item 70, 1937 volume; and Item 150, pages 645-647, 1940 volume.)

## 109 ¶ Presidential Statement on Signing Some Amendments to the Social Security Act.

August 11, 1939

IT WILL be exactly four years ago on the fourteenth day of this month that I signed the original Social Security Act. As I indicated at that time and on various occasions since that time, we must expect a great program of social legislation, such as is represented in the Social Security Act, to be improved and strengthened in the light of additional experience and understanding. These amendments to the Act represent another tre-

mendous step forward in providing greater security for the people of this country. This is especially true in the case of the federal old age insurance system which has now been converted into a system of old age and survivors' insurance providing life-time family security instead of only individual old age security to the workers in insured occupations. In addition to the worker himself, millions of widows and orphans will now be afforded some degree of protection in the event of his death whether before or after his retirement.

The size of the benefits to be paid during the early years will be far more adequate than under the present law. However, a reasonable relationship is retained between wage loss sustained and benefits received. This is a most important distinguishing characteristic of social insurance as contrasted with any system of flat pensions.

Payment of old age benefits will begin on January 1, 1940, instead of January 1, 1942. Increase in pay-roll taxes, scheduled to take place in January, 1940, is deferred. Benefit payments in the early years are substantially increased.

I am glad that the insurance benefits have been extended to cover workers in some occupations that have previously not been covered. However, workers in other occupations have been excluded. In my opinion, it is imperative that these insurance benefits be extended to workers in all occupations.

The Federal-State system of providing assistance to the needy aged, the needy blind, and dependent children, has also been strengthened by increasing the federal aid. I am particularly gratified that the Federal matching ratio to States for aid to dependent children has been increased from one-third to one-half of the aid granted. I am also happy that greater Federal contributions will be made for public health, maternal and child welfare, crippled children, and vocational rehabilitation. These changes will make still more effective the Federal-State cooperative relationship upon which the Social Security Act is based and which constitutes its great strength. It is important to note in this connection that the increased assistance the States will now

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be able to give will continue to be furnished on the basis of individual need, thus affording the greatest degree of protection within reasonable financial bounds.

As regards administration, probably the most important change that has been made is to require that State agencies administering any part of the Social Security Act coming within the jurisdiction of the Social Security Board and the Children's Bureau shall set up a merit system for their employees. An essential element of any merit system is that employees shall be selected on a non-political basis and shall function on a non-political basis.

In 1934 I appointed a committee called the Committee on Economic Security made up of Government officials to study the whole problem of economic and social security and to develop a legislative program for the same. The present law is the result of its deliberations. That committee is still in existence and has considered and recommended the present amendments. In order to give reality and coordination to the study of any further developments that appear necessary I am asking the committee to continue its life and to make active study of various proposals which may be made for amendments or developments to the Social Security Act.

*NOTE:* The foregoing statement was issued when I signed a series of far-reaching amendments to the Social Security Act which had passed the Congress (Public No. 379, 76th Congress; 53 Stat. 1360). Since the passage of the Social Security Act in 1935 (see Item 107 and note, 1935 volume), a number of studies and recommendations had been made to improve the administration of the Act (see Item 163, 1937 volume; Item 56, 1938

volume; and Item 11, this volume).

On January 16, 1939, I transmitted a report of the Social Security Board to the Congress, proposing a comprehensive series of amendments to the original Act. The nature of these proposed changes and the extent to which the Congress acted upon them are discussed in my note to Item 11, this volume. The amendments adopted were those which I signed with the foregoing statement.

110 ¶ Presidential Statement on Signing Bill for  
Construction of Additional Facilities on the  
Panama Canal. August 11, 1939

IN VIEW of the special relationship which exists between the United States and Panama on account of the Panama Canal, the Canal administration and the Panama Railroad Company have for many years granted facilities for employment to Panamanian citizens which were not generally extended to the citizens of other countries.

The Order of the Secretary of War dated December 23, 1908, and the Executive Orders of February 2, 1914, and February 20, 1920, extended to Panamanian citizens, with respect to the higher paid categories, opportunity for employment and treatment in employment equal to that extended to American citizens.

Accompanying the General Treaty between the United States and Panama signed March 2, 1936, and ratified July 27, 1939, is an exchange of notes between the two Governments by which the United States has agreed to maintain as a principle of public policy the opportunity for employment and treatment in employment of Panamanian citizens which is set forth in the Order and Executive Orders noted above.

A provision of H.R. 5129 authorizing and providing for the construction of additional facilities on the Canal Zone, etc., provides "that all new personnel in such construction work occupying skilled, technical, clerical, administrative, and supervisory positions shall be citizens of the United States." It is my opinion that this provision is at variance with the policy to which this Government pledged itself in its note to the Government of Panama of March 2, 1936, the date of the signing of the General Treaty, since the Order and Executive Orders specifically provided equal opportunities for employment of Panamanian citizens in the very categories in which employment would be denied them under the quoted provision of H.R. 5129.

*110. Additional Facilities on Panama Canal*

The new Treaty was negotiated to provide a firm basis for friendly and effective collaboration between the two Governments in order that the Canal might fulfill in the most ample sense its functions. With the exchange of ratifications of that Treaty the United States and Panama entered into a new stage of their relationship. This relationship will be advantageous and enduring to the extent that each party cooperates loyally and fully in the observance not only of the letter but of the spirit of that Treaty.

I am giving my approval to this important bill which by authorizing the construction of a third set of locks will enhance not only our own security but that of this hemisphere. I propose, however, to request the Congress at its next session to amend the present law so as to bring it into conformity with the commitments entered into with Panama which pledge to the citizens of Panama opportunity and treatment in employment in the Canal administration and the Panama Railroad Company equal to that offered to citizens of the United States.

111 ¶ The President Again Seeks the Way to Peace in the New Crisis Over Poland. Messages to Chancellor Adolf Hitler of Germany; King Victor Emmanuel of Italy; and President Moszicki of Poland. August 24, 1939

*His Excellency  
Adolf Hitler,  
Chancellor of the German Reich,  
Berlin, Germany*

IN THE message which I sent to you on April 14 last I stated that it appeared to me that the leaders of great nations had it in their power to liberate their peoples from the disaster that impended, but that unless the effort were immediately made with good will on all sides to find a peaceful and constructive solution of existing controversies, the crisis which the world was confronting must end in catastrophe. Today that catastrophe appears to be very near at hand indeed.

To the message which I sent to you last April I have received no reply, but because of my confident belief that the cause of world peace—which is the cause of humanity itself—rises above all other considerations, I am again addressing myself to you with the hope that the war which impends and the consequent disaster to all peoples everywhere may yet be averted.

I therefore urge with all earnestness—and I am likewise urging the President of the Republic of Poland—that the Governments of Germany and of Poland agree by common accord to refrain from any positive act of hostility for a reasonable and stipulated period, and that they agree likewise by common accord to solve the controversies which have arisen between them by one of the three following methods: first, by direct negotiation; second, by submission of these controversies to an impartial arbitration in which they can both have confidence; or, third,

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that they agree to the solution of these controversies through the procedure of conciliation, selecting as conciliator or moderator a national of one of the traditionally neutral states of Europe, or a national of one of the American republics which are all of them free from any connection with or participation in European political affairs.

Both Poland and Germany being sovereign Governments, it is understood, of course, that upon resort to any one of the alternatives I suggest, each nation will agree to accord complete respect to the independence and territorial integrity of the other.

The people of the United States are as one in their opposition to policies of military conquest and domination. They are as one in rejecting the thesis that any ruler, or any people, possess the right to achieve their ends or objectives through the taking of action which will plunge countless millions of people into war and which will bring distress and suffering to every nation of the world, belligerent and neutral, when such ends and objectives, so far as they are just and reasonable, can be satisfied through processes of peaceful negotiation or by resort to judicial arbitration.

I appeal to you in the name of the people of the United States, and I believe in the name of peace-loving men and women everywhere, to agree to the solution of the controversies existing between your Government and that of Poland through the adoption of one of the alternative methods I have proposed. I need hardly reiterate that should the Governments of Germany and of Poland be willing to solve their differences in the peaceful manner suggested, the Government of the United States still stands prepared to contribute its share to the solution of the problems which are endangering world peace in the form set forth in my message of April 14.

*The following is the text of the communication delivered to the King of Italy by Ambassador Phillips:*

“Again a crisis in world affairs makes clear the responsibility of heads of nations for the fate of their own people and indeed

### *III. Peace Appeals During Polish Crisis*

of humanity itself. It is because of traditional accord between Italy and the United States and the ties of consanguinity between millions of our citizens that I feel that I can address Your Majesty in behalf of the maintenance of world peace.

"It is my belief and that of the American people that Your Majesty and Your Majesty's Government can greatly influence the averting of an outbreak of war. Any general war would cause to suffer all nations whether belligerent or neutral, whether victors or vanquished, and would clearly bring devastation to the peoples and perhaps to the Governments of some nations most directly concerned.

"The friends of the Italian people and among them the American people could only regard with grief the destruction of great achievements which European nations and the Italian nation in particular have attained during the past generation.

"We in America, having welded a homogeneous nation out of many nationalities, often find it difficult to visualize the animosities which so often have created crises among nations of Europe which are smaller than ours in population and in territory, but we accept the fact that these nations have an absolute right to maintain their national independence if they so desire. If that be sound doctrine then it must apply to the weaker nations as well as to the stronger.

"Acceptance of this means peace, because fear of aggression ends. The alternative, which means of necessity efforts by the strong to dominate the weak, will lead not only to war, but to long future years of oppression on the part of victors and to rebellion on the part of the vanquished. So history teaches us.

"On April fourteenth last I suggested in essence an understanding that no armed forces should attack or invade the territory of any other independent nation, and that, this being assured, discussions be undertaken to seek progressive relief from the burden of armaments and to open avenues of international trade including sources of raw materials necessary to the peaceful economic life of each nation.

"I said that in these discussions the United States would gladly

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take part. And such peaceful conversations would make it wholly possible for Governments other than the United States to enter into peaceful discussions of political or territorial problems in which they were directly concerned.

"Were it possible for Your Majesty's Government to formulate proposals for a pacific solution of the present crisis along these lines you are assured of the earnest sympathy of the United States.

"The Government of Italy and the United States can today advance those ideals of Christianity which of late seem so often to have been obscured.

"The unheard voices of countless millions of human beings ask that they shall not be vainly sacrificed again."

*His Excellency  
Ignace Moszicki,  
President of the Polish Republic,  
Warsaw, Poland*

THE manifest gravity of the existing crisis imposes an urgent obligation upon all to examine every possible means which might prevent the outbreak of general war.

With this in mind, I feel justified in suggesting that certain possible avenues of solution be considered.

The controversy between the Government of Poland and the Government of the German Reich might be made the subject of direct discussion between the two Governments.

Should this prove impossible or not feasible, a second avenue might be that of submission of the issues to arbitration.

A third method might be conciliation through a disinterested third party, in which case it would seem appropriate that the parties avail themselves of the services of one of the traditionally neutral States, or a disinterested Republic of the Western Hemisphere wholly removed from the area and issues of the present crisis. Should you determine to attempt solution by any

### *III. Peace Appeals During Polish Crisis*

of these methods, you are assured of the earnest and complete sympathy of the United States and of its people. During the exploration of these avenues, I appeal to you, as I have likewise appealed to the Government of the German Reich, to agree to refrain from any positive act of hostility.

Both Poland and Germany being sovereign Governments, it is understood, of course, that upon resort to any one of the alternatives I suggest, each nation will agree to accord complete respect to the independence and territorial integrity of the other.

It is, I think, well known to you that speaking on behalf of the United States I have exerted and will continue to exert every influence in behalf of peace. The rank and file of the population of every nation, large and small, want peace. They do not seek military conquest. They recognize that disputes, claims, and counter claims will always arise from time to time between nations, but that all such controversies without exception can be solved by peaceful procedure if the will on both sides exists so to do.

I have addressed a communication in similar sense to the Chancellor of the German Reich.

(The text of President Moszicki's reply is quoted in the second peace appeal to Hitler, which is printed as the following Item.

King Victor Emmanuel replied on August 30, 1939 as follows:

"I am grateful to you for your interest. I have immediately transmitted your message to my Government. As is known to all, there has been done and there is being done by us whatever is possible to bring about a peace with justice.

VITTORIO EMANUELE"

The following reply was received from the German Chargé in the United States, Hans Thomsen, on August 31, 1939:

"MR. SECRETARY OF STATE:

"By order of my Government, I wish to use your kind intermediary for the purpose of stating to the President of the United States that his messages of August 25 and 26 addressed to the German Fuehrer and Reich Chancellor have been greatly appreciated by the latter.

*112. Second Peace Appeal to Adolf Hitler*

"The German Fuehrer and Reich Chancellor has also, on his side, left nothing untried for the purpose of settling the dispute between Germany and Poland in a friendly manner. Even at the last hour he accepted an offer from the Government of Great Britain to mediate in this dispute. Owing to the attitude of the Polish Government, however, all these endeavors have remained without result.

"Accept [etc.]

THOMSEN"

112 ¶ A Further Attempt for Peace in the Polish Crisis. A Second Letter to Chancellor Hitler.

August 25, 1939

*His Excellency  
Adolf Hitler,  
Chancellor of the German Reich,  
Berlin, Germany*

I HAVE this hour received from the President of Poland a reply to the message which I addressed to Your Excellency and to him last night. The text of President Moszicki's reply is as follows:

I highly appreciate the most important and noble message which Your Excellency was good enough to address to me.

I would like to emphasize that the Polish Government always considered direct negotiations between governments as the most appropriate method of solving difficulties which may arise between states. We consider this method all the more fitting when adopted between neighboring countries. It was with this principle in view that Poland concluded pacts of non-aggression with Germany and the Union of Soviet Republics.

We consider likewise the method of conciliation through a third party as disinterested and impartial as Your Excellency to be a just and equitable method in the solution of controversies arising between nations.

While naturally wishing to avoid even the semblance of availing

*112. Second Peace Appeal to Adolf Hitler*

myself of this occasion to raise the points at issue I nevertheless consider it my duty to point out that in this crisis it is not Poland who is proffering any claims or demanding concessions from any other nation.

It is therefore only natural that Poland agrees to refrain from any positive act of hostility provided the other party also agrees to refrain from any such act direct or indirect.

In conclusion may I express my ardent wish that Your Excellency's appeal for peace may contribute towards general appeasement which the people of the world so sorely need to return once more to the blessed path of progress and civilization.

Your Excellency has repeatedly and publicly stated that the ends and the objectives sought by the German Reich were just and reasonable. In his reply to my message the President of Poland has made it plain that the Polish Government is willing, upon the basis set forth in my messages, to agree to solve the controversy which has arisen between the Republic of Poland and the German Reich by direct negotiation or through the process of conciliation.

Countless human lives can be yet saved and hope may still be restored that the nations of the modern world may even now construct a foundation for a peaceful and a happier relationship if you and the Government of the German Reich will agree to the pacific means of settlement accepted by the Government of Poland.

All the world prays that Germany, too, will accept.

(See also preceding Item.)

113 ¶ The Five Hundred and Seventy-third  
Press Conference (Excerpts).

August 25, 1939

*(The European crisis — Plans to cushion effects of war upon United States.)*

THE PRESIDENT: Be careful of your facial expressions this morning. You are being photographed. [A still photographer and a movie photographer were taking pictures of the Press Conference, this Press Conference being the first since the beginning of the new crisis in Europe.]

Q. [Mr. Godwin] Where?

THE PRESIDENT: You must look serious. That is perfect. [Speaking to Mr. Belair] You should not laugh.

What is everybody coming in for this morning?

Q. We have a big crowd.

[It was announced that all of the Press were in the room.]

THE PRESIDENT: I literally have no news this morning. You all know the gravity of the situation. There has been no answer as yet from any of the European countries to the messages that were sent yesterday. I do not think there is anything else.

Q. Mr. President, do you have any comment on Senator Borah's sources of information? *(Laughter)*

THE PRESIDENT: No. I think the implications that have been made on the air by one or two of my friends were, perhaps, justified.

Q. Mr. President, do you have any comment on Congressman Fish's activities?

THE PRESIDENT: No. *(Laughter)*

Q. Mr. President —

THE PRESIDENT: [interposing] That soft snicker *(laughter)*, that comes from the Press. *(Laughter)*

*113. Five Hundred and Seventy-third Press Conference*

Q. Mr. President, is it too early to have given any thought to the possible cancellation of your western trip?

THE PRESIDENT: No, Russ [Mr. Young], I do not think so yet. It is just one of those things—not making any plans ahead, absolutely none. I have not cancelled anything and I have not made any more dates.

Q. Does the trip stand, or until further notice?

THE PRESIDENT: Yes, and just the same way with the trip going to Hyde Park on Monday night. That stands subject to further notice.

Q. Will the new crisis increase our armament program, specifically the New England air base?

THE PRESIDENT: Not as of today, no.

Q. Mr. President, do you plan a special session of Congress?

THE PRESIDENT: Oh, I think I made that perfectly clear. Perhaps there was a little confusion on the word “imminent.” I always think that imminent carries with it the connotation of certainty and I would not regard the present situation as certain to result in war. There is not much more to be said about calling the Congress. I think we all very devoutly hope that war is not certain.

Q. [Mr. Godwin] Mr. President, there are certain things I should not ask you; but I am going to ask you if you have that devout hope based on any knowledge?

THE PRESIDENT: Nothing more than you have and we all have. In other words, quite frankly, you all know just as much about the situation as I do.

Q. Mr. President, could you tell us something about the efforts being made to take care of the effects of war on the United States?

THE PRESIDENT: Of course there isn't really much that is new on that. Ever since early September of 1938, we have all been thinking of the steps to be taken in the event that actual war broke out. There has been certain machinery which has been prepared, such as on the financial needs, the bringing back of Americans from war zones and things of that kind. That

113. *Five Hundred and Seventy-third Press Conference*

machinery has been pretty well perfected during the past year and it is a question of its use—pressing the button at the appropriate time. Almost every department of the Government is concerned with that; and probably most of the people I shall see and talk to today from the departments will refer to the use of that machinery if it becomes necessary.

Q. Mr. President, do you have any Latin American mediator [referring to the President's messages to Poland and Germany] in mind?

THE PRESIDENT: No, nobody in mind.

Q. Mr. President, so far as the cushioning machinery is concerned, would you say that it was at its maximum efficiency now to operate immediately, so far as you know?

THE PRESIDENT: I would not say maximum. I would say better than it has been at any time in the past. Nothing is ever perfect. . . .

Q. Do you expect to go back to Hyde Park, sir, any time soon?

THE PRESIDENT: Not if the general world situation remains next Monday as it is today.

Q. Otherwise, you go up about next Monday night?

THE PRESIDENT: No. I say, if it is as it is today next Monday, I shall stay here.

Q. What has got to happen over there, Mr. President, before you call a special session? (*Laughter*)

THE PRESIDENT: I don't think I can go over it again. I tried to make it clear. And, after all, compared with today's news, that is, at the present time, a rather minor factor in the world news. There are other things more important today.

Q. [Mr. Godwin] Mr. President, would you like to have the minutes of this meeting contain our "Happy Birthday" wishes for Mr. Early on Sunday?

THE PRESIDENT: I think that is a very, very excellent suggestion. And to have reached the half century mark! Do you remember when we reached the half century mark? There is one thing we can tell him: We feel younger today than we did then, so that is at least—

114. *Bombing of Civilians*

Q. [Mr. Godwin, interposing] You may! (*Laughter*)

THE PRESIDENT: I am just holding a little hope out to him. It is always darkest just before the dawn. (*Laughter*) I think the fifties are pretty good, don't you?

114 ¶ The President Appeals to Great Britain, France, Italy, Germany, and Poland to Refrain from Air Bombing of Civilians.

September 1, 1939

THE RUTHLESS bombing from the air of civilians in unfortified centers of population during the course of the hostilities which have raged in various quarters of the earth during the past few years, which has resulted in the maiming and in the death of thousands of defenseless men, women and children, has sickened the hearts of every civilized man and woman, and has profoundly shocked the conscience of humanity.

If resort is had to this form of inhuman barbarism during the period of the tragic conflagration with which the world is now confronted, hundreds of thousands of innocent human beings who have no responsibility for, and who are not even remotely participating in, the hostilities which have now broken out, will lose their lives. I am therefore addressing this urgent appeal to every Government which may be engaged in hostilities publicly to affirm its determination that its armed forces shall in no event, and under no circumstances, undertake the bombardment from the air of civilian populations or of unfortified cities, upon the understanding that these same rules of warfare will be scrupulously observed by all of their opponents. I request an immediate reply.

115 ¶ The Five Hundred and Seventy-fifth Press Conference. September 1, 1939

*War—Reports by telephone of bombing of Poland—Can we stay out?—Resignation of Ambassador Wilson—Calling the Congress into extraordinary session.)*

THE PRESIDENT: [Addressing Earl Godwin] What time did you get up?

Q. [Mr. Godwin] About 3.00 or 3.15, right after you aroused the Nation. Felt like I belonged to the village fire department.

THE PRESIDENT: Yes; you were not the only one.

Q. [Mr. Godwin] I know it. I wonder if anybody got Borah up.

THE PRESIDENT: Yes. Where is he?

Q. He went to Poland Springs, Maine. [Inaudible]

THE PRESIDENT: What?

Q. Poland Springs, Maine.

THE PRESIDENT: Oh, I thought you said Poland. That would have been news.

[It was announced that the Press were all in.]

THE PRESIDENT: I think a good many of us had a somewhat sleepless night. Bill Hassett has told you of what happened at the White House and State Department, beginning at 2.50 A.M. I think that a word of praise should be said for our Diplomatic Service because, without much question, we were advised of the beginning of the invasion here in Washington as early as any other outside nation. Ambassador Biddle got through by telephone to Bullitt about 2.35 our time. It was a very poor connection; and it is a question as to whether any further telephoning is possible between Paris and Warsaw. That we don't know. Bullitt began getting through to us at 2.40, and actually did get through at 2.50.

As Bill, I think, has told you, the first thing I did was, of course, to call up the Secretary of State, and the Under Secretary, and the Secretaries of War and Navy, Then Bill

*115. Five Hundred and Seventy-fifth Press Conference*

[Mr. Hassett] got through to the Press Associations within about a minute after that — I do not think he even stopped to dress — and was on the radio within another minute and a half after that.

I do not believe at this particular time of this very critical period in the world's history, that there is anything which I can say, except to ask for full cooperation of the Press throughout the country in sticking as closely as possible to facts. Of course that will be the best thing for our own Nation, and, I think, for civilization.

There is nothing that can be said at the present time on some of the things that almost might be called "local." I would include within the term "local" for the present time such questions as: when Congress will be called; the proclamation of neutrality, etc. All of those things must await developments, obviously. Things are happening on the other side today, and probably will tomorrow, which will be important factors in the consideration of these local things — I would say these items of American action.

I hope particularly that there won't be unsubstantiated rumors put out, whether they originate here or elsewhere, without checking. It is a very simple thing to check either with the State Department, or any other department concerned, or with the White House. I will cite a very simple example: The Secretary of State called me up about fifteen minutes ago, before I came over here, and said there was a report out — I do not know whether it was printed or not, but if it was printed it would be a pity — that we had sent out a general order for all American merchant ships to return to American ports. Now, that kind of thing is confusing to the public mind, and what I hope is that the American public will stick pretty closely to facts. I think they will, and, in the long run, they will get the facts anyway. As you know, I believe pretty strongly in the common sense American opinion as a whole — the mass opinion of America.

I do not think there is anything else I can tell you about

*115. Five Hundred and Seventy-fifth Press Conference*

that you do not know already. If you want to ask any questions that can be asked about at this time, it is perfectly all right.

Q. [Mr. Phelps Adams] I think probably what is uppermost in the minds of all the American people today is, "Can we stay out?" Would you like to make any comment at this time on that situation?

THE PRESIDENT: Only this, that I not only sincerely hope so, but I believe we can; and that every effort will be made by the Administration so to do.

Q. May we make that a direct quote?

THE PRESIDENT: Yes.

Q. May we have it again?

[The stenographer read the President's statement, to wit, "Only this, that I not only sincerely hope so, but I believe we can; and that every effort will be made by the Administration so to do."]

Q. Mr. President, I suppose it is somewhat a matter of routine to ask if you have anything to say about Secretary Hull's visit with you before the Conference?

THE PRESIDENT: Just this usual batch of dispatches; and they are coming in now at the rate of one every ten minutes—in fact, they are coming in at the rate of one every five minutes.

Q. From all over?

THE PRESIDENT: All over.

Q. Mr. President, are you considering any changes in the Bloom neutrality law?

THE PRESIDENT: I have not considered anything in the last few hours. That follows what I said before.

Q. Did you see Ambassador Wilson?

THE PRESIDENT: Ambassador Wilson presented his resignation as Ambassador to Germany, and it was accepted; and he has been assigned to special duty in the State Department.

Q. Presented today?

THE PRESIDENT: Today, yes.

116. *Foreign Participation in New York World's Fair*

Q. Has anyone been named to fill that place?

THE PRESIDENT: I cannot answer questions like that.

Q. Mr. President, would you indicate what those duties are that he was assigned to?

THE PRESIDENT: I do not think we are ready to announce that yet.

Q. Mr. President, did you say a while ago when Congress is called or whether Congress is called?

THE PRESIDENT: I said, "When."

Q. Will you say whether that means definitely Congress will be called, Mr. President? (*Laughter*)

THE PRESIDENT: Well, it means between September first and January second.

Q. [Mr. Godwin] That's right.

THE PRESIDENT: There you are; you asked for it. (*Laughter*)

MR. GODWIN: I will say, "Thank you, Mr. President," if the rest of the gentlemen are willing to agree.

THE PRESIDENT: I really cannot give you anything more.

(For fireside chat delivered at the outbreak of war in Europe, see Item 118, this volume; see Item 127, this volume, for the calling of the Congress into extraordinary session.)

116 ¶ The President Invites Foreign Nations to Continue Participation in the New York World's Fair. September 2, 1939

I HAVE today authorized an invitation to the foreign countries and nations participating in the New York World's Fair, to continue their participation in 1940. I take particular pleasure in extending this invitation at this particular time.

The World is disturbed by armed strife but the continuing ideal of all nations must be a world of peace. The continuing emphasis of nations must be on the progress of civilization, and not on its destruction.

### *117. Labor Day Statement*

The continuing hope of the nations must be that they will increasingly understand each other. The New York World's Fair is one of the many channels by which this continuing conception of peace may be made known.

The duty rests on all of us to keep these channels open.

### 117 ¶ A Labor Day Statement. September 3, 1939

UPON THIS Labor Day American wage earners may well consider the benefits and satisfaction which flow from a democracy not only to them but to all our people. We have the blessings of peace, a cohesive unity and a substantial measure of prosperity to be thankful for upon the national observance of this fifty-two-year-old birthday.

We have made great economic and social advances in the public interest since March, 1933, and they have combined for the general well-being of this generation and generations yet to come. Increased employment and more and better filled pay envelopes, brought about through the aid and cooperation of the Government, have built up purchasing power so that employers, farmers and investors have shared the benefits with millions of workers.

Wage earners themselves have gained directly through increases in wages and job opportunities, through better working conditions and through shorter hours of labor. They have been aided by such far-reaching and far-sighted legislation as the social security program for which this generation and future generations will ever offer up thanks.

The success of the comprehensive economic and social program, which was launched in 1933, is in fact already assured. Since March of that year, as a result of progressive and constructive policies, planned with the well-being of the entire nation in mind, jobs in private industry, exclusive of agriculture, have been provided for more than seven and a quarter million men and women who were without work in the early months of 1933.

In this same period the amount in weekly pay envelopes, in manufacturing alone, increased by more than \$90,000,000.

Results have been partly satisfactory so far as the income of farmers is concerned. Cash income of farmers for the first six months of 1933 totaled \$2,057,000,000, as compared with \$2,975,000,000 in the first six months of 1939, an increase of \$918,000,000.

All this constitutes an economic achievement of which we may well be proud. So let us be thankful upon this Labor Day and the days to come for what we have accomplished in the great democracy which is the United States and let us pray that nothing may transpire to interrupt our progress toward the goal of peace, good will and national well-being, which we as a people always have had and, please God, always shall have as our objective in our own interest and that of the world at large.

118 ¶ “As Long as It Remains Within My Power to Prevent, There Will Be No Black-out of Peace In the United States.” Fireside Chat on the War in Europe. Washington, D.C. September 3, 1939

*My fellow Americans and my friends:*

**T**ONIGHT my single duty is to speak to the whole of America.

Until four-thirty this morning I had hoped against hope that some miracle would prevent a devastating war in Europe and bring to an end the invasion of Poland by Germany.

For four long years a succession of actual wars and constant crises have shaken the entire world and have threatened in each case to bring on the gigantic conflict which is today unhappily a fact.

*118. Fireside Chat on European War*

It is right that I should recall to your minds the consistent and at times successful efforts of your Government in these crises to throw the full weight of the United States into the cause of peace. In spite of spreading wars I think that we have every right and every reason to maintain as a national policy the fundamental moralities, the teachings of religion and the continuation of efforts to restore peace—for some day, though the time may be distant, we can be of even greater help to a crippled humanity.

It is right, too, to point out that the unfortunate events of these recent years have, without question, been based on the use of force and the threat of force. And it seems to me clear, even at the outbreak of this great war, that the influence of America should be consistent in seeking for humanity a final peace which will eliminate, as far as it is possible to do so, the continued use of force between nations.

It is, of course, impossible to predict the future. I have my constant stream of information from American representatives and other sources throughout the world. You, the people of this country, are receiving news through your radios and your newspapers at every hour of the day.

You are, I believe, the most enlightened and the best informed people in all the world at this moment. You are subjected to no censorship of news, and I want to add that your Government has no information which it withholds or which it has any thought of withholding from you.

At the same time, as I told my press conference on Friday, it is of the highest importance that the press and the radio use the utmost caution to discriminate between actual verified fact on the one hand, and mere rumor on the other.

I can add to that by saying that I hope the people of this country will also discriminate most carefully between news and rumor. Do not believe of necessity everything you hear or read. Check up on it first.

You must master at the outset a simple but unalterable fact in modern foreign relations between nations. When peace has

been broken anywhere, the peace of all countries everywhere is in danger.

It is easy for you and for me to shrug our shoulders and to say that conflicts taking place thousands of miles from the continental United States, and, indeed, thousands of miles from the whole American Hemisphere, do not seriously affect the Americas — and that all the United States has to do is to ignore them and go about its own business. Passionately though we may desire detachment, we are forced to realize that every word that comes through the air, every ship that sails the sea, every battle that is fought, does affect the American future.

Let no man or woman thoughtlessly or falsely talk of America sending its armies to European fields. At this moment there is being prepared a proclamation of American neutrality. This would have been done even if there had been no neutrality statute on the books, for this proclamation is in accordance with international law and in accordance with American policy.

This will be followed by a Proclamation required by the existing Neutrality Act. And I trust that in the days to come our neutrality can be made a true neutrality.

It is of the utmost importance that the people of this country, with the best information in the world, think things through. The most dangerous enemies of American peace are those who, without well-rounded information on the whole broad subject of the past, the present and the future, undertake to speak with assumed authority, to talk in terms of glittering generalities, to give to the nation assurances or prophesies which are of little present or future value.

I myself cannot and do not prophesy the course of events abroad — and the reason is that, because I have of necessity such a complete picture of what is going on in every part of the world, I do not dare to do so. And the other reason is that I think it is honest for me to be honest with the people of the United States.

I cannot prophesy the immediate economic effect of this new war on our nation, but I do say that no American has the

moral right to profiteer at the expense either of his fellow citizens or of the men, the women and the children who are living and dying in the midst of war in Europe.

Some things we do know. Most of us in the United States believe in spiritual values. Most of us, regardless of what church we belong to, believe in the spirit of the New Testament—a great teaching which opposes itself to the use of force, of armed force, of marching armies and falling bombs. The overwhelming masses of our people seek peace—peace at home, and the kind of peace in other lands which will not jeopardize our peace at home.

We have certain ideas and certain ideals of national safety, and we must act to preserve that safety today, and to preserve the safety of our children in future years.

That safety is and will be bound up with the safety of the Western Hemisphere and of the seas adjacent thereto. We seek to keep war from our own firesides by keeping war from coming to the Americas. For that we have historic precedent that goes back to the days of the Administration of President George Washington. It is serious enough and tragic enough to every American family in every State in the Union to live in a world that is torn by wars on other continents. Those wars today affect every American home. It is our national duty to use every effort to keep them out of the Americas.

And at this time let me make the simple plea that partisanship and selfishness be adjourned; and that national unity be the thought that underlies all others.

This nation will remain a neutral nation, but I cannot ask that every American remain neutral in thought as well. Even a neutral has a right to take account of facts. Even a neutral cannot be asked to close his mind or his conscience.

I have said not once, but many times, that I have seen war and that I hate war. I say that again and again.

I hope the United States will keep out of this war. I believe that it will. And I give you assurance and reassurance that every effort of your Government will be directed toward that end.

As long as it remains within my power to prevent, there will be no black-out of peace in the United States.

(See Items 119, 120, 123, and 124, this volume, for some of the proclamations and executive orders issued upon the outbreak of the European war.)

119 ¶ A Proclamation of Neutrality of the  
United States Issued Pursuant to General  
International Law. Proclamation No.

2348. September 5, 1939

WHEREAS a state of war unhappily exists between Germany and France; Poland; and the United Kingdom, India, Australia and New Zealand;

AND WHEREAS the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

AND WHEREAS there are nationals of the United States residing within the territories or dominions of each of the said belligerents, and carrying on commerce, trade, or other business or pursuits therein;

AND WHEREAS there are nationals of each of the said belligerents residing within the territory or jurisdiction of the United States, and carrying on commerce, trade, or other business or pursuits therein;

AND WHEREAS the laws and treaties of the United States, without interfering with the free expression of opinion and sympathy, nevertheless impose upon all persons who may be within their territory and jurisdiction the duty of an impartial neutrality during the existence of the contest;

AND WHEREAS it is the duty of a neutral Government not to permit or suffer the making of its territory or territorial waters subservient to the purposes of war;

### *119. Proclamation of Neutrality*

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in order to preserve the neutrality of the United States and of its citizens and of persons within its territory and jurisdiction, and to enforce its laws and treaties, and in order that all persons, being warned of the general tenor of the laws and treaties of the United States in this behalf, and of the law of nations, may thus be prevented from any violation of the same, do hereby declare and proclaim that by certain provisions of the act approved on the 4th day of March, A.D. 1909, commonly known as the "Penal Code of the United States" and of the act approved on the 15th day of June, A.D. 1917, the following acts are forbidden to be done, under severe penalties, within the territory and jurisdiction of the United States, to wit:

1. Accepting and exercising a commission to serve one of the said belligerents by land or by sea against an opposing belligerent.

2. Enlisting or entering into the service of a belligerent as a soldier, or as a marine, or seaman on board of any ship of war, letter of marque, or privateer.

3. Hiring or retaining another person to enlist or enter himself in the service of a belligerent as a soldier, or as a marine, or seaman on board of any ship of war, letter of marque, or privateer.

4. Hiring another person to go beyond the limits or jurisdiction of the United States with intent to be enlisted as aforesaid.

5. Hiring another person to go beyond the limits or jurisdiction of the United States with intent to be entered into service as aforesaid.

6. Retaining another person to go beyond the limits or jurisdiction of the United States to be enlisted as aforesaid.

7. Retaining another person to go beyond the limits or jurisdiction of the United States with intent to be entered into service as aforesaid. (But the said act of the 4th day of March, A.D. 1909, as amended by the act of the 15th day of June, A.D. 1917, is not to be construed to extend to a citizen or subject of a bel-

*119. Proclamation of Neutrality*

ligerent who, being transiently within the jurisdiction of the United States, shall, on board of any ship of war, which, at the time of its arrival within the jurisdiction of the United States, was fitted and equipped as such ship of war, enlist or enter himself or hire or retain another subject or citizen of the same belligerent, who is transiently within the jurisdiction of the United States, to enlist or enter himself to serve such belligerent on board such ship of war, if the United States shall then be at peace with such belligerent.)

8. Fitting out and arming, or attempting to fit out and arm, or procuring to be fitted out and armed, or knowingly being concerned in the furnishing, fitting out, or arming of any ship or vessel with intent that such ship or vessel shall be employed in the service of one of the said belligerents to cruise, or commit hostilities against the subjects, citizens, or property of an opposing belligerent.

9. Issuing or delivering a commission within the territory or jurisdiction of the United States for any ship or vessel to the intent that she may be employed as aforesaid.

10. Increasing or augmenting, or procuring to be increased or augmented, or knowingly being concerned in increasing or augmenting, the force of any ship of war, cruiser, or other armed vessel, which at the time of her arrival within the jurisdiction of the United States was a ship of war, cruiser, or armed vessel in the service of a belligerent, or belonging to a national thereof, by adding to the number of guns of such vessel, or by changing those on board of her for guns of a larger caliber, or by the addition thereto of any equipment solely applicable to war.

11. Knowingly beginning or setting on foot or providing or preparing a means for or furnishing the money for, or taking part in, any military or naval expedition or enterprise to be carried on from the territory or jurisdiction of the United States against the territory or dominion of a belligerent.

12. Despatching from the United States, or any place subject to the jurisdiction thereof, any vessel, domestic or foreign, which is about to carry to a warship, tender, or supply ship of a bel-

*119. Proclamation of Neutrality*

ligerent any fuel, arms, ammunition, men, supplies, despatches, or information shipped or received on board within the jurisdiction of the United States.

13. Despatching from the United States, or any place subject to the jurisdiction thereof, any armed vessel owned wholly or in part by American citizens, or any vessel, domestic or foreign (other than one which has entered the jurisdiction of the United States as a public vessel), which is manifestly built for warlike purposes or has been converted or adapted from a private vessel to one suitable for warlike use, and which is to be employed to cruise against or commit or attempt to commit hostilities upon the subjects, citizens, or property of a belligerent nation, or which will be sold or delivered to a belligerent nation, or to an agent, officer, or citizen thereof, within the jurisdiction of the United States, or, having left that jurisdiction, upon the high seas.

14. Despatching from the United States, or any place subject to the jurisdiction thereof, any vessel built, armed, or equipped as a ship of war, or converted from a private vessel into a ship of war (other than one which has entered the jurisdiction of the United States as a public vessel), with any intent or under any agreement or contract, written or oral, that such vessel shall be delivered to a belligerent nation, or to any agent, officer, or citizen of such nation, or where there is reasonable cause to believe that the said vessel shall or will be employed in the service of such belligerent nation after its departure from the jurisdiction of the United States.

15. Taking, or attempting or conspiring to take, or authorizing the taking of any vessel out of port or from the jurisdiction of the United States in violation of the said act of the 15th day of June, A.D. 1917, as set forth in the preceding paragraphs numbered 11 to 14 inclusive.

16. Leaving or attempting to leave the jurisdiction of the United States by a person belonging to the armed land or naval forces of a belligerent who shall have been interned within the jurisdiction of the United States in accordance with the law of

*119. Proclamation of Neutrality*

nations, or leaving or attempting to leave the limits of internment in which freedom of movement has been allowed, without permission from the proper official of the United States in charge, or wilfully overstaying a leave of absence granted by such official.

17. Aiding or enticing any interned person to escape or attempt to escape from the jurisdiction of the United States, or from the limits of internment prescribed.

AND I do hereby further declare and proclaim that any frequenting and use of the waters within the territorial jurisdiction of the United States by the vessels of a belligerent, whether public ships or privateers for the purpose of preparing for hostile operations, or as posts of observation upon the ships of war or privateers or merchant vessels of an opposing belligerent must be regarded as unfriendly and offensive, and in violation of that neutrality which it is the determination of this Government to observe; and to the end that the hazard and inconvenience of such apprehended practices may be avoided, I further proclaim and declare that from and after the fifth day of September instant, and so long as this proclamation shall be in effect, no ship of war or privateer of any belligerent shall be permitted to make use of any port, harbor, roadstead, or waters subject to the jurisdiction of the United States as a station or place of resort for any warlike purpose or for the purpose of obtaining warlike equipment; no privateer of a belligerent shall be permitted to depart from any port, harbor, roadstead, or waters subject to the jurisdiction of the United States; and no ship of war of a belligerent shall be permitted to sail out of or leave any port, harbor, roadstead, or waters subject to the jurisdiction of the United States from which a vessel of an opposing belligerent (whether the same shall be a ship of war or a merchant ship) shall have previously departed, until after the expiration of at least twenty-four hours from the departure of such last mentioned vessel beyond the jurisdiction of the United States.

If any ship of war of a belligerent shall, after the time this notification takes effect, be found in, or shall enter any port,

harbor, roadstead, or waters subject to the jurisdiction of the United States, such vessel shall not be permitted to remain in such port, harbor, roadstead, or waters more than twenty-four hours, except in case of stress of weather, or for delay in receiving supplies or repairs, or when detained by the United States; in any of which cases the authorities of the port, or of the nearest port (as the case may be), shall require her to put to sea as soon as the cause of the delay is at an end, unless within the preceding twenty-four hours a vessel, whether ship of war or merchant ship of an opposing belligerent, shall have departed therefrom, in which case the time limit for the departure of such ship of war shall be extended so far as may be necessary to secure an interval of not less than twenty-four hours between such departure and that of any ship of war or merchant ship of an opposing belligerent which may have previously quit the same port, harbor, roadstead, or waters.

Vessels used exclusively for scientific, religious, or philanthropic purposes are exempted from the foregoing provisions as to the length of time ships of war may remain in the ports, harbors, roadsteads, or waters subject to the jurisdiction of the United States.

The maximum number of ships of war belonging to a belligerent and its allies which may be in one of the ports, harbors, or roadsteads subject to the jurisdiction of the United States simultaneously shall be three.

When ships of war of opposing belligerents are present simultaneously in the same port, harbor, roadstead, or waters, subject to the jurisdiction of the United States, the one entering first shall depart first, unless she is in such condition as to warrant extending her stay. In any case the ship which arrived later has the right to notify the other through the competent local authority that within twenty-four hours she will leave such port, harbor, roadstead, or waters, the one first entering, however, having the right to depart within that time. If the one first entering leaves, the notifying ship must observe the prescribed interval of twenty-four hours. If a delay beyond twenty-four

119. *Proclamation of Neutrality*

hours from the time of arrival is granted, the termination of the cause of delay will be considered the time of arrival in deciding the right of priority in departing.

Vessels of a belligerent shall not be permitted to depart successively from any port, harbor, roadstead, or waters subject to the jurisdiction of the United States at such intervals as will delay the departure of a ship of war of an opposing belligerent from such ports, harbors, roadsteads, or waters for more than twenty-four hours beyond her desired time of sailing. If, however, the departure of several ships of war and merchant ships of opposing belligerents from the same port, harbor, roadstead, or waters is involved, the order of their departure therefrom shall be so arranged as to afford the opportunity of leaving alternately to the vessels of the opposing belligerents, and to cause the least detention consistent with the objects of this proclamation.

All belligerent vessels shall refrain from use of their radio and signal apparatus while in the harbors, ports, roadsteads, or waters subject to the jurisdiction of the United States, except for calls of distress and communications connected with safe navigation or arrangements for the arrival of the vessel within, or departure from, such harbors, ports, roadsteads, or waters, or passage through such waters, provided that such communications will not be of direct material aid to the belligerent in the conduct of military operations against an opposing belligerent. The radio of belligerent merchant vessels may be sealed by the authorities of the United States, and such seals shall not be broken within the jurisdiction of the United States except by proper authority of the United States.

No ship of war of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, to take in any supplies except provisions and such other things as may be requisite for the subsistence of her crew in amounts necessary to bring such supplies to her peace standard, and except such fuel, lubricants, and feed water only as may be sufficient, with that already on board, to

carry such vessel, if without any sail power, to the nearest port of her own country; or in case a vessel is rigged to go under sail, and may also be propelled by machinery, then half the quantity of fuel, lubricants, and feed water which she would be entitled to have on board, if dependent upon propelling machinery alone, and no fuel, lubricants, or feed water shall be again supplied to any such ship of water in the same or any other port, harbor, roadstead, or waters subject to the jurisdiction of the United States until after the expiration of three months from the time when such fuel, lubricants and feed water may have been last supplied to her within waters subject to the jurisdiction of the United States. The amounts of fuel, lubricants, and feed water allowable under the above provisions shall be based on the economical speed of the vessel, plus an allowance of thirty per centum for eventualities.

No ship of war of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, to make repairs beyond those that are essential to render the vessel seaworthy and which in no degree constitute an increase in her military strength. Repairs shall be made without delay. Damages which are found to have been produced by the enemy's fire shall in no case be repaired.

No ship of war of a belligerent shall effect repairs or receive fuel, lubricants, feed water, or provisions within the jurisdiction of the United States without written authorization of the proper authorities of the United States. Before such authorization will be issued, the commander of the vessel shall furnish to such authorities a written declaration, duly signed by such commander, stating the date, port, and amounts of supplies last received in the jurisdiction of the United States, the amounts of fuel, lubricants, feed water, and provisions on board, the port to which the vessel is proceeding, the economical speed of the vessel, the rate of consumption of fuel, lubricants, and feed water at such speed, and the amount of each class of supplies desired. If repairs are desired, a similar declaration shall be furnished stating the cause of the damage and the nature of the repairs. In either

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case, a certificate shall be included to the effect that the desired services are in accord with the rules of the United States in that behalf.

No agency of the United States Government shall, directly or indirectly, provide supplies or effect repairs to a belligerent ship of war.

No vessel of a belligerent shall exercise the right of search within the waters under the jurisdiction of the United States, nor shall prizes be taken by belligerent vessels within such waters. Subject to any applicable treaty provisions in force, prizes captured by belligerent vessels shall not enter any port, harbor, roadstead, or waters under the jurisdiction of the United States except in case of unseaworthiness, stress of weather, or want of fuel or provisions; when the cause has disappeared, the prize must leave immediately, and if a prize captured by a belligerent vessel enters any port, harbor, roadstead, or waters subject to the jurisdiction of the United States for any other reason than on account of unseaworthiness, stress of weather, or want of fuel or provisions, or fails to leave as soon as the circumstances which justified the entrance are at an end, the prize with its officers and crew will be released and the prize crew will be interned. A belligerent Prize Court cannot be set up on territory subject to the jurisdiction of the United States or on a vessel in the ports, harbors, roadsteads, or waters subject to the jurisdiction of the United States.

The provisions of this proclamation pertaining to ships of war shall apply equally to any vessel operating under public control for hostile or military purposes.

AND I do further declare and proclaim that the statutes and the treaties of the United States and the law of nations alike require that no person, within the territory and jurisdiction of the United States, shall take part, directly or indirectly, in the said war, but shall remain at peace with all of the said belligerents, and shall maintain a strict and impartial neutrality.

AND I do further declare and proclaim that the provisions of this proclamation shall apply to the Canal Zone except in so

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far as such provisions may be specifically modified by a proclamation or proclamations issued for the Canal Zone.

AND I do hereby enjoin all nationals of the United States, and all persons residing or being within the territory or jurisdiction of the United States, to observe the laws thereof, and to commit no act contrary to the provisions of the said statutes or treaties or in violation of the law of nations in that behalf.

AND I do hereby give notice that all nationals of the United States and others who may claim the protection of this Government, who may misconduct themselves in the premises, will do so at their peril, and that they can in no wise obtain any protection from the Government of the United States against the consequences of their misconduct.

This proclamation shall continue in full force and effect unless and until modified, revoked or otherwise terminated, pursuant to law.

120 ¶ The Export of Arms and Munitions to Belligerent Powers Is Prohibited Under the Neutrality Act of 1937. Proclamation No. 2349.

September 5, 1939

WHEREAS section 1 of the joint resolution of Congress approved May 1, 1937, provides in part as follows:

Whenever the President shall find that there exists a state of war between, or among, two or more foreign states, the President shall proclaim such fact, and it shall thereafter be unlawful to export, or attempt to export, or cause to be exported, arms, ammunition, or implements of war from any place in the United States to any belligerent State named in such proclamation, or to any neutral state for transshipment to, or for the use of, any such belligerent State.

AND WHEREAS it is further provided by section 1 of the said joint resolution that

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The President shall, from time to time by proclamation, definitely enumerate the arms, ammunition, and implements of war, the export of which is prohibited by this section. The arms, ammunition, and implements of war so enumerated shall include those enumerated in the President's proclamation numbered 2163, of April 10, 1936, but shall not include raw materials or any other articles or materials not of the same general character as those enumerated in the said proclamation, and in the Convention for the supervision of the International Trade in Arms and Ammunition and in Implements of War, signed at Geneva June 17, 1925.

AND WHEREAS it is further provided by section 1 of the said joint resolution that

Whoever, in violation of any of the provisions of this Act, shall export, or attempt to export, or cause to be exported, arms, ammunition, or implements of war from the United States shall be fined not more than \$10,000 or imprisoned not more than five years, or both, and the property, vessel, or vehicle containing the same shall be subject to the provisions of sections 1 to 8, inclusive, title 6, chapter 30, of the Act approved June 15, 1917 (40 Stat. 223-225; U.S.C., 1934 ed., title 22, secs. 238-245).

AND WHEREAS it is further provided by section 1 of the said joint resolution that

In the case of the forfeiture of any arms, ammunition, or implements of war by reason of a violation of this Act, no public or private sale shall be required; but such arms, ammunition, or implements of war shall be delivered to the Secretary of War for such use or disposal thereof as shall be approved by the President of the United States.

AND WHEREAS it is further provided by section 11 of the said joint resolution that

The President may, from time to time, promulgate such rules and regulations, not inconsistent with law, as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such officer or officers, or agency or agencies, as he shall direct.

## *120. Embargo Upon Arms and Munitions*

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority conferred on me by the said joint resolution, do hereby proclaim that a state of war unhappily exists between Germany and France; Poland; and the United Kingdom, India, Australia and New Zealand, and I do hereby admonish all citizens of the United States, or any of its possessions, and all persons residing or being within the territory or jurisdiction of the United States, or its possessions, to abstain from every violation of the provisions of the joint resolution above set forth, hereby made effective and applicable to the export of arms, ammunition, or implements of war from any place in the United States or any of its possessions to France; Germany; Poland; or the United Kingdom, India, Australia and New Zealand, or to any other state for transshipment to, or for the use of, France; Germany; Poland; or the United Kingdom, India, Australia and New Zealand.

And I do hereby declare and proclaim that the articles enumerated below shall be considered arms, ammunition, and implements of war for the purposes of section 1 of the said joint resolution of Congress:

### *Category I*

(1) Rifles and carbines using ammunition in excess of caliber .22, and barrels for those weapons;

(2) Machine guns, automatic or autoloading rifles, and machine pistols using ammunition in excess of caliber .22, and barrels for those weapons;

(3) Guns, howitzers, and mortars of all calibers, their mountings and barrels;

(4) Ammunition in excess of caliber .22 for the arms enumerated under (1) and (2) above, and cartridge cases or bullets for such ammunition; filled and unfilled projectiles for the arms enumerated under (3) above;

(5) Grenades, bombs, torpedoes, mines and depth charges, filled or unfilled, and apparatus for their use or discharge;

(6) Tanks, military armored vehicles, and armored trains.

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### *Category II*

Vessels of war of all kinds, including aircraft carriers and submarines, and armor plate for such vessels.

### *Category III*

(1) Aircraft, unassembled, assembled, or dismantled, both heavier and lighter than air, which are designed, adapted, and intended for aerial combat by the use of machine guns or of artillery or for the carrying and dropping of bombs, or which are equipped with, or which by reason of design or construction are prepared for, any of the appliances referred to in paragraph (2) below;

(2) Aerial gun mounts and frames, bomb racks, torpedo carriers, and bomb or torpedo release mechanisms.

### *Category IV*

(1) Revolvers and automatic pistols using ammunition in excess of caliber .22;

(2) Ammunition in excess of caliber .22 for the arms enumerated under (1) above, and cartridge cases or bullets for such ammunition.

### *Category V*

(1) Aircraft, unassembled, assembled or dismantled, both heavier and lighter than air, other than those included in Category III;

(2) Propellers or air screws, fuselages, hulls, wings, tail units, and under-carriage units;

(3) Aircraft engines, unassembled, assembled, or dismantled.

### *Category VI*

(1) Livens projectors and flame throwers;

(2) a. Mustard gas (dichlorethyl sulphide);

b. Lewisite (chlorvinylchlorarsine and dichlorodivinyldichlorarsine);

c. Methylchlorarsine;

d. Diphenylchlorarsine;

e. Diphenylcyanarsine;

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- f. Diphenylaminechlorarsine;
- g. Phenylchlorarsine;
- h. Ethylchlorarsine;
- i. Phenyldibromarsine;
- j. Ethyldibromarsine;
- k. Phosgene;
- l. Monochloromethylchlorformate;
- m. Trichloromethylchlorformate (diphosgene);
- n. Dichlorodimethyl Ether;
- o. Dibromodimethyl Ether;
- p. Cyanogen Chloride;
- q. Ethylbromacetate;
- r. Ethyliodoacetate;
- s. Brombenzylcyanide;
- t. Bromacetone;
- u. Brommethylethyl ketone.

*Category VII*

- (1) Propellant powders;
- (2) High explosives as follows:
  - a. Nitrocellulose having a nitrogen content of more than 12 per cent;
  - b. Trinitrotoluene;
  - c. Trinitroxyline;
  - d. Tetryl (trinitrophenol methyl nitramine or tetranitromethylaniline);
  - e. Picric acid;
  - f. Ammonium picrate;
  - g. Trinitroanisole;
  - h. Trinitronaphthalene;
  - i. Tetranitronaphthalene;
  - j. Hexanitrodiphenylamine;
  - k. Pentaerythritetranitrate (Penthrate or Pentrite);
  - l. Trimethylenetrinitramine (Hexogen or T<sub>4</sub>);
  - m. Potassium nitrate powders (black saltpeter powder);
  - n. Sodium nitrate powders (black soda powder);
  - o. Amatol (mixture of ammonium nitrate and trinitrotoluene);

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- p. Ammonal (mixture of ammonium nitrate, trinitrotoluene, and powdered aluminum, with or without other ingredients);
- q. Schneiderite (mixture of ammonium nitrate and dinitronaphthalene, with or without other ingredients).

And I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said joint resolution, and this my proclamation issued thereunder, and in bringing to trial and punishment any offenders against the same.

And I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred on me by the said joint resolution, as made effective by this my proclamation issued thereunder, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions.

## 121 ¶ The Federal Bureau of Investigation Is Placed in Charge of Espionage Investigation.

September 6, 1939

THE ATTORNEY GENERAL has been requested by me to instruct the Federal Bureau of Investigation of the Department of Justice to take charge of investigative work in matters relating to espionage, sabotage, and violations of the neutrality regulations.

This task must be conducted in a comprehensive and effective manner on a national basis, and all information must be carefully sifted out and correlated in order to avoid confusion and irresponsibility.

To this end I request all police officers, sheriffs, and all other law enforcement officers in the United States promptly to turn over to the nearest representative of the Federal Bureau of Investigation any information obtained by them relating to es-

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pionage, counterespionage, sabotage, subversive activities and violations of the neutrality laws.

(For further discussion of the prevention of sabotage and espionage, see Items 122, pages 485-486, 168, page 603, this volume; Items 74 and 138, pages 577-580, 1940 volume.)

122 ¶ The Five Hundred and Seventy-seventh  
Press Conference (Excerpts).

September 8, 1939

*(Panama conference — Proclamations concerning neutrality and limited national emergency — Special session of the Congress and repeal of the arms embargo — Food prices — Additions to the Army, Navy and Marine Corps — Prevention of subversive propaganda and sabotage.)*

THE PRESIDENT: No. 1, for the conference in Panama, the Under Secretary of State [Mr. Sumner Welles] is going down there to represent this country. I think that covers that.

Next, I have signed the Proclamation of Neutrality as between the United States and South Africa which, we have been officially informed, is in a state of war. That is the Union of South Africa.

No. 3, the Proclamation of Neutrality in regard to Canada is drafted but final action by the Canadian Parliament, as you know, has not yet been taken.

And the Proclamation I am waiting for is the Proclamation of Limited Emergency, which I will have to explain to you when I get it. It will be here in a minute or two. So, in the meantime, if there are any questions you want to ask, go ahead.

One question will be on the report on the *Athenia* and that will be given out by the State Department sometime today. It will be the literal and, I think, verbatim copy of the reports from our two Naval Attachés in London. It is

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simply given out as their report without comment, comment being, I think, unnecessary.

Q. Can you tell us of the extra session situation?

THE PRESIDENT: On the special session, there isn't any news. It is still in the study period. I cannot tell you any more because that is the simple truth. Naturally, I have been talking with various members of the House and the Senate for some time; but, literally, there isn't any news because there has been no decision.

Q. Is the action of the leaders favorable to a special session, that is, generally?

THE PRESIDENT: I cannot tell you that.

Q. Is it still just a question of when, or is it both a question of when and whether?

THE PRESIDENT: There has never been a question of whether; and the date last week was between the first of September and the second of January, and it is now between the eighth of September and the second of January.

Q. Is there any doubt at all or should anyone have any doubt about your intention to ask for a repeal of the present neutrality law, the so-called neutrality law?

THE PRESIDENT: I think you could assume that.

Q. May I go further with that question?

THE PRESIDENT: Yes.

Q. I hear, although I am unable to touch the evidence or produce the evidence, that there is a rising sentiment in the country for the repeal of the embargo. Are you conscious of that, or would it affect you in any way at all?

THE PRESIDENT: I think I had better not answer —

Q. [interposing] You do not mind my asking?

THE PRESIDENT: No—because you people are just as good a judge of that as I am.

Q. The report is also that you are going to have a short session, limited to neutrality.

THE PRESIDENT: I think I told you last week — and the only way I can answer that is in the same way — that as far as I can tell

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at the present time, it seems unnecessary to ask for anything except a repeal of the embargo — action on the so-called neutrality law.

Q. In other words, it would not run into the next regular session?

THE PRESIDENT: No. I see absolutely no reason for it because, as you know, while Congress is not in session there are always a number of small things which it would be nice to have acted on, but it is not essential that they be acted on.

Q. Mr. President, there have been some intimations and suggestions that the Administration might recommend changes in the Johnson Act. Has anything been crystallized on that?

THE PRESIDENT: I never heard of it. That is a new one.

Q. Anything on profiteering?

THE PRESIDENT: Not that I know of. In other words, the statement that I could not think of anything that was absolutely necessary other than the neutrality angle covers almost all cases.

Q. Can you tell us anything about the profiteering studies that are being planned?

THE PRESIDENT: No. The only thing I can say on that is to mention some of the things that happened yesterday and the day before: there are a lot of perfectly well-meaning people who went to retail stores and found that some of the prices had gone up on foodstuffs; and there was also the case of two or three people in the White House, who could not buy more than five pounds of sugar.

Of course the real fact is that there is an actual surplus of food of every variety in this country. There is no conceivable shortage; and, as Secretary Wallace said yesterday, all of this fear of shortage of sugar, or a shortage of flour, or a shortage of this, that or the other thing, is ridiculous. All of us ought to do our best to make people realize that they must not get excited about something that does not exist. There is not any shortage; and we have plenty of everything in the way of foodstuffs.

On the question of prices, there is so much surplus in all the normal commodities that, while prices of foodstuffs which have been exceedingly low may come up a little bit, there will not be a repetition of some of the prices we had during the World War. There is an entirely different situation today.

Q. Will the United States, at the Panama Conference, attempt to inject into the program this plan to keep the Western Hemisphere free from war?

THE PRESIDENT: I think the State Department in conjunction with all the other Governments which will be represented are, at the present time, studying what they call an agenda. I do not know as yet what it is going to be. In other words, the agenda will be determined by the nations sitting there—not by the United States alone but by all the nations together. . . .

Q. Have you that Proclamation before you?

THE PRESIDENT: I have and here she is. I am going into this with a little care just so—what shall I say—scarehead stories won't be written. This is all off the record that I am talking about.

Now, a thing called "Declaration of National Emergency" is provided for in a great many statutes, not just one; and if one were to issue a Proclamation of National Emergency without any limitation, scare headlines might be justified, because, under that, the Executive could do all kinds of things.

What I want to do, and what all of you want to do, is to make it clear that there is no intention and no need of doing all of these things that could be done. There is need of doing a few, what might be called simple and minor things within peacetime authorizations. In other words, there is no thought, in any shape, manner or form, of putting the Nation, either in its defenses or in its internal economy, on a war basis. That is one thing we want to avoid. We are going to keep the Nation on a peace basis, in accordance with peacetime authorizations.

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That is why the title of this Proclamation really tells the true story: (*Reading*)

“PROCLAIMING A NATIONAL EMERGENCY IN CONNECTION  
WITH THE OBSERVANCE, SAFEGUARDING, AND  
ENFORCEMENT OF NEUTRALITY AND THE STRENGTHENING  
OF THE NATIONAL DEFENSE WITHIN THE LIMITS OF  
PEACETIME AUTHORIZATIONS”

In other words, I want to make it clear that in no shape, manner or form, do we do anything except remain on a peace basis. The Government will function in accordance with the regular departmental and agency method. That is very clear. We are not setting up all kinds of war boards, administrative boards, such as we used when we were in a state of war. (*Reading*)

“BY THE PRESIDENT OF THE UNITED STATES OF AMERICA  
A PROCLAMATION

“WHEREAS a proclamation issued by me on September 5, 1939, proclaimed the neutrality of the United States in the war now unhappily existing between certain nations; and

“WHEREAS this state of war imposes on the United States certain duties with respect to the proper observance, safeguarding, and enforcement of such neutrality, and the strengthening of the national defense within the limits of peacetime authorizations”;

That is the main point to get across. [*Continuing reading*]

“and

“WHEREAS measures required at this time call for the exercise of only a limited number of the powers granted in a national emergency:

“NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, do proclaim that a na-

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tional emergency exists in connection with and to the extent necessary for the proper observance, safeguarding, and enforcing of the neutrality of the United States and the strengthening of our national defense within the limits of peacetime authorizations. Specific directions and authorizations will be given from time to time for carrying out these two purposes."

Now, in order to illustrate, at 12:30 the Attorney General is bringing in three or four Executive Orders. One of them, for example, relates to the Army.

The authorized peacetime strength of the Army is 280,000 men. The Executive Order relating to the Army will allow the Army to recruit and call back what they call the first-line reserves—ex-corporals and sergeants and things like that—a little above this year's authorized appropriations but not anywhere near the 280,000 that are authorized as peacetime strength. I cannot give you the figures now because the final figure has not yet been decided. And there is no use running to the War Department and the Navy Department to find out because they do not know. I have not fixed it yet. I will between now and 12:30 but, when I fix that upper limit, it will be way below 280,000. That will be given out at 12:30.

Now, the object of that, in the case of the Army, is—I suppose the easiest phrase to use is—to fill in the chinks, enough men to man certain defenses such as the Panama Canal, enough men to Puerto Rico, enough men to fill up certain arms of the service from which there have been in the last few years, you might say, borrowings in order to take care of some emergency things like aviation that we were trying to build up. It is to repay these borrowings of men that we made from various branches of the service, which today have these chinks in them.

The same thing will apply to the Navy. As I remember it, the total authorized peace strength of the Navy is 180,000

men. At the present time we have between 115,000 and 120,000.

Under this Executive Order relating to the Navy, we shall have additional recruiting and calling back of the first line of reserves, in other words, experienced Navy enlisted men who served their eight years or twelve years or sixteen years or twenty years. We shall increase the present 115,000 to 120,000 by a comparatively small number; but we shall not go to the 180,000 of authorized peace strength. The object of that is, again, to fill in certain chinks or gaps. The fleet is only 85 per cent manned—the active fleet ships in commission. It is to fill in that 15 per cent so that all batteries, all watches, can be made full-time. It is to put into commission some of what they call the priority I class of the out-of-commission destroyers, not by any means all of them. We have, I think, about 116; and we shall probably put back into active commission only about a third of that number.

Then with the Marine Corps, we shall get a small additional number—again not up to the authorized peace strength of the Marine Corps—to fill in certain gaps in the Marine Corps.

So, you see it is not exactly a startling thing to do; it is an ordinary precautionary measure.

The third Executive Order will merely carry out the existing law that says, "In the event of a national emergency there is appropriated \$500,000 to the State Department for the aid of Americans in foreign countries." This makes that \$500,000 available to the State Department.

And the fourth relates to what you might say is a combination of neutrality and national defense. It provides for an addition to the personnel of certain investigating agencies of the Government to protect this country against—I suppose the easiest way of putting it is—some of the episodes, some of the things that happened over here in 1914 and 1915 and 1916 and the beginning of 1917, before we got into the war. There was sabotage; there was a great deal of propa-

ganda by both belligerents, and a good many definite plans laid in this country by foreign governments to try to sway American public opinion. We do not have to specify. The older men who are here can remember some of the episodes of that time. It is to guard against that, and against the spread by any foreign nation of propaganda in this country which would tend to be subversive—I believe that is the word—of our form of Government.

Those are the only four things we are doing at this time and we see no other major needs for the future. There may be some minor things which will call for Executive Orders in the future; but nothing that can be, in any way, construed as putting this country on a war basis. We are going on just as we always have, in running the Government.

Q. Referring to the increase in the Army and Navy, are you making any increases in the National Guard?

THE PRESIDENT: Yes, this will cover that.

Q. In that connection, Mr. President, I assume that will cost money in addition to appropriations that have been made by Congress. Under this Proclamation, is it possible to spend beyond the appropriations of Congress for that purpose?

THE PRESIDENT: Let us take a simple example—suppose we increase the Army by one-twelfth or eight and something per cent, we have to feed those extra people, we have to clothe them, and we have to pay them. That means that the Army appropriation for food, clothing and pay would only last until the first of June; and we should have to get a deficiency appropriation from the next Congress to make up that deficiency. It goes into the Deficiency Bill, just as so many other laws allow the departments to create deficiencies out of current funds and then go back to the Congress in the spring for funds in the Deficiency Bill to carry the department through to the end of the year.

Q. Mr. President, where will that \$500,000 for the State Department come from for repatriating Americans?

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THE PRESIDENT: It is a regular appropriation like all others.

Q. It is there, but needs this Proclamation to be effective? Is that what you mean?

THE PRESIDENT: Yes.

Q. Does this Proclamation of an emergency have any effect upon shipping or foreign exchange?

THE PRESIDENT: I do not think so. No.

Q. Mr. President, will any of these recommissioned destroyers be used as convoys?

THE PRESIDENT: Not that I know of.

Q. They will be assigned to patrol work, Mr. President?

THE PRESIDENT: Yes.

NOTE: At the Inter-American Conference for the Maintenance of Peace held at Buenos Aires in 1936 (see Item 17 and Items 222-227, inclusive, 1936 volume; and Item 61, 1937 volume), and at the Eighth International Conference of American States held at Lima in 1938 (see note to Item 56, this volume), machinery was established for consultation among the 21 American republics in the event of a war abroad which threatened the peace of the Americas.

The meeting at Panama, to which I refer in the foregoing press conference, was the first such consultative meeting. The second meeting was held at Habana in July, 1940 (see Item 95 and note, 1940 volume).

Among the most important agreements adopted at the Panama meeting were the following:

1. Resolution on Economic Cooperation establishing an Inter-American Financial and Economic

Advisory Committee. This committee, composed of experts designated by the various American republics, was created in order to advise the governments upon the measures essential for the protection of Inter-American commercial and financial relations against the dislocations of the existing European war (see Item 63, 1940 volume).

2. The Joint Declaration of Continental Solidarity. This reaffirmed the Declaration of Lima, and added the declaration "That these principles are free from any selfish purpose of isolation, but are rather inspired by a deep sense of universal cooperation, which impels these nations to express the most fervent wishes for the cessation of the deplorable state of war which today exists in some countries of Europe, to the grave danger of the most cherished spiritual, moral, and economic interests of humanity, and for the reestablishment of peace

### *123. Limited National Emergency*

throughout the world — a peace not based on violence, but on justice and law.”

3. General Declaration of Neutrality of the American Republics. This Declaration set certain standards of conduct for the nations of the western hemisphere, and announced the refusal to have their territories used as bases for belligerent operations; prohibited the flight of military aircraft over their territory; and set certain rules for the search and internment of belligerent vessels and the exclusion of belligerent warships and submarines. An Inter-American Neu-

trality Committee was also established for the duration of the European war.

4. Declaration of Panama. This important Declaration affirmed the right of the American Republics to self-protection and to keep belligerent activities from American waters, and stated that for that purpose the republics may individually or collectively establish a neutrality patrol along the coastal waters of the entire hemisphere. This patrol was of the type which the United States and several other governments had already undertaken independently.

## 123 ¶ Proclaiming a Limited National Emergency. Proclamation No. 2352.

September 8, 1939

WHEREAS a proclamation issued by me on September 5, 1939, proclaimed the neutrality of the United States in the war now unhappily existing between certain nations; and

WHEREAS this state of war imposes on the United States certain duties with respect to the proper observance, safeguarding, and enforcement of such neutrality, and the strengthening of the national defense within the limits of the peacetime authorizations; and

WHEREAS measures required at this time call for the exercise of only a limited number of the powers granted in a national emergency:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, do proclaim that a national emergency exists in connection with and to the extent necessary for the

proper observance, safeguarding, and enforcing of the neutrality of the United States and the strengthening of our national defense within the limits of peacetime authorizations. Specific directions and authorizations will be given from time to time for carrying out these two purposes.

124 ¶ The President Makes Funds Available for the Protection of American Citizens Abroad During the Emergency. Executive Order No. 8246. September 8, 1939

WHEREAS the Department of State Appropriation Act, 1940 (53 Stat. 890), provides, in part, as follows:

EMERGENCIES ARISING IN THE DIPLOMATIC AND  
CONSULAR SERVICE

Emergencies arising in the Diplomatic and Consular Service: To enable the President to meet unforeseen emergencies arising in the Diplomatic and Consular Service, and to extend the commercial and other interests of the United States and to meet the necessary expenses attendant upon the execution of the Neutrality Act, to be expended pursuant to the requirement of section 291 of the Revised Statutes (31 U.S.C. 107), \$175,000: *Provided*, That whenever the President shall find that a state of emergency exists endangering the lives of American citizens in any foreign country, he may make available for expenditure for the protection of such citizens, by transfer to this appropriation, not to exceed \$500,000 from the various appropriations contained herein under the heading "Foreign Intercourse"; and reimbursements by American citizens to whom relief has been extended shall be credited to any appropriation from which funds have been transferred for the purposes hereof, except that reimbursements so credited to any appropriation shall not exceed the amount transferred therefrom.

AND WHEREAS I find and declare that an emergency exists en-

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dangering the lives of American citizens in foreign countries within the meaning of the said Act:

NOW, THEREFORE, by virtue of and pursuant to the authority vested in me by the above-quoted statutory provisions, and in order to meet such emergency and make funds available for the protection of American citizens in foreign countries, I hereby direct the Secretary of the Treasury, when so requested by the Secretary of State, to transfer on the books of the Treasury, for expenditure from the appropriation "Emergencies Arising in the Diplomatic and Consular Service," from any appropriation in the said Act under the heading "Foreign Interchange," such sums not to exceed in all \$500,000 as the Secretary of State may from time to time during the existing emergency find necessary; and funds so transferred shall be expended subject only to the requirement of section 291 of the Revised Statutes of the United States (31 U.S.C. 107).

(For press conference discussion of the foregoing order, see Item 122, this volume.)

125 ¶ The Reorganization of the Executive  
Office of the President. Executive Order  
No. 8248. September 8, 1939

BY VIRTUE of the authority vested in me by the Constitution and Statutes, and in order to effectuate the purposes of the Reorganization Act of 1939, Public No. 19, Seventy-sixth Congress, approved April 3, 1939, and of Reorganization Plans Nos. I and II submitted to the Congress by the President and made effective as of July 1, 1939, by Public Resolution No. 2, Seventy-sixth Congress, approved June 7, 1939 by organizing the Executive Office of the President with functions and duties so prescribed and responsibilities so fixed that the President will have adequate machinery for the administrative management of

the Executive Branch of the Government, it is hereby ordered as follows:

I

There shall be within the Executive Office of the President the following principal divisions, namely: (1) The White House Office, (2) the Bureau of the Budget, (3) the National Resources Planning Board, (4) the Liaison Office for Personnel Management, (5) the Office of Government Reports, and (6) in the event of a national emergency, or threat of a national emergency, such office for emergency management as the President shall determine.

II

The functions and duties of the divisions of the Executive Office of the President are hereby defined as follows:

1. *The White House Office*

In general, to serve the President in an intimate capacity in the performance of the many detailed activities incident to his immediate office. To that end, The White House Office shall be composed of the following principal subdivisions, with particular functions and duties as indicated:

(a) *The Secretaries to the President.*—To facilitate and maintain quick and easy communication with the Congress, the individual members of the Congress, the heads of executive departments and agencies, the press, the radio, and the general public.

(b) *The Executive Clerk.*—To provide for the orderly handling of documents and correspondence within The White House Office, and to organize and supervise all clerical services and procedure relating thereto.

(c) *The Administrative Assistants to the President.*—To assist the President in such matters as he may direct, and at the specified request of the President, to get information and to condense and summarize it for his use. These Administrative

## *125. Reorganization of Executive Office*

Assistants shall be personal aides to the President and shall have no authority over anyone in any department or agency, including the Executive Office of the President, other than the personnel assigned to their immediate office. In no event shall the Administrative Assistants be interposed between the President and the head of any department or agency, or between the President and any one of the divisions in the Executive Office of the President.

### *2. The Bureau of the Budget*

(a) To assist the President in the preparation of the Budget and the formulation of the fiscal program of the Government.

(b) To supervise and control the administration of the Budget.

(c) To conduct research in the development of improved plans of administrative management, and to advise the executive departments and agencies of the Government with respect to improved administrative organization and practice.

(d) To aid the President to bring about more efficient and economical conduct of Government service.

(e) To assist the President by clearing and coordinating departmental advice on proposed legislation and by making recommendations as to Presidential action on legislative enactments, in accordance with past practice.

(f) To assist in the consideration and clearance and, where necessary, in the preparation of proposed Executive orders and proclamations, in accordance with the provisions of Executive Order No. 7298 of February 18, 1936.

(g) To plan and promote the improvement, development, and coordination of Federal and other statistical services.

(h) To keep the President informed of the progress of activities by agencies of the Government with respect to work proposed, work actually initiated, and work completed, together with the relative timing of work among the several agencies of the Government; all to the end that the work programs of the several agencies of the Executive Branch of the Government

### *125. Reorganization of Executive Office*

may be coordinated and that the monies appropriated by the Congress may be expended in the most economical manner possible with the least possible overlapping and duplication of effort.

#### *3. The National Resources Planning Board*

(a) To survey, collect data on, and analyze problems pertaining to national resources, both natural and human, and to recommend to the President and the Congress long-time plans and programs for the wise use and fullest development of such resources.

(b) To consult with Federal, regional, state, local, and private agencies in developing orderly programs of public works and to list for the President and the Congress all proposed public works in the order of their relative importance with respect to (1) the greatest good to the greatest number of people, (2) the emergency necessities of the Nation, and (3) the social, economic, and cultural advancement of the people of the United States.

(c) To inform the President of the general trend of economic conditions and to recommend measures leading to their improvement of stabilization.

(d) To act as a clearing house and means of coordination for planning activities, linking together various levels and fields of planning.

#### *4. The Liaison Office for Personnel Management*

In accordance with the statement of purpose made in the message to Congress of April 25, 1939, accompanying Reorganization Plan No. I, one of the Administrative Assistants to the President, authorized in the Reorganization Act of 1939, shall be designated by the President as Liaison Officer for Personnel Management and shall be in charge of the Liaison Office for Personnel Management. The functions of this office shall be:

(a) To assist the President in the better execution of the duties imposed upon him by the provisions of the Constitution and the laws with respect to personnel management, especially

### *125. Reorganization of Executive Office*

the Civil Service Act of 1883, as amended, and the rules promulgated by the President under authority of that Act.

(b) To assist the President in maintaining closer contact with all agencies dealing with personnel matters insofar as they affect or tend to determine the personnel management policies of the Executive Branch of the Government.

#### *5. The Office of Government Reports*

(a) To provide a central clearing house through which individual citizens, organizations of citizens, State or local governmental bodies, and, where appropriate, agencies of the Federal Government may transmit inquiries and complaints and receive advice and information.

(b) To assist the President in dealing with special problems requiring the clearance of information between the Federal Government and State and local Governments and private institutions.

(c) To collect and distribute information concerning the purposes and activities of executive departments and agencies for the use of the Congress, administrative officials, and the public.

(d) To keep the President currently informed of the opinions, desires, and complaints of citizens and groups of citizens and of State and local Governments with respect to the work of Federal agencies.

(e) To report to the President on the basis of the information it has obtained possible ways and means for reducing the cost of the operation of the Government.

### III

The Bureau of the Budget, the National Resources Planning Board, and the Liaison Office for Personnel Management shall constitute the three principal management arms of the Government for the (1) preparation and administration of the Budget and improvement of administrative management and organization, (2) planning for conservation and utilization of the

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resources of the Nation, and (3) coordination of the administration of personnel, none of which belongs in any department but which are necessary for the over-all management of the Executive Branch of the Government, so that the President will be enabled the better to carry out his Constitutional duties of informing the Congress with respect to the state of the Union, of recommending appropriate and expedient measures, and of seeing that the laws are faithfully executed.

#### IV

To facilitate the orderly transaction of business within each of the five divisions herein defined and to clarify the relations of these divisions with each other and with the President, I direct that the Bureau of the Budget, the National Resources Planning Board, the Liaison Office for Personnel Management, and the Office of Government Reports shall respectively prepare regulations for the governance of their internal organizations and procedures. Such regulations shall be in effect when approved by the President and shall remain in force until changed by new regulations approved by him. The President will prescribe regulations governing the conduct of the business of the division of The White House Office.

#### V

The Director of the Bureau of the Budget shall prepare a consolidated budget for the Executive Office of the President for submission by the President to the Congress. Annually, pursuant to the regular request issued by the Bureau of the Budget, each division of the Executive Office of the President shall prepare and submit to the Bureau estimates of proposed appropriations for the succeeding fiscal year. The form of the estimates and the manner of their consideration for incorporation in the Budget shall be the same as prescribed for other Executive departments and agencies.

The Bureau of the Budget shall likewise perform with respect to the several divisions of the Executive Office of the President

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such functions and duties relating to supplemental estimates, apportionments, and budget administration as are exercised by it for other agencies of the Federal Government.

VI

Space already has been assigned in the State, War and Navy Building, adjacent to The White House, sufficient to accommodate the Bureau of the Budget with its various divisions (including the Central Statistical Board), the central office of the National Resources Planning Board, the Liaison Office for Personnel Management, and the Administrative Assistants to the President, and although for the time being, a considerable portion of the work of the National Resources Planning Board and all of that of the Office of Government Reports will have to be conducted in other quarters, if and when the Congress makes provision for the housing of the Department of State in a building appropriate to its function and dignity and provision is made for the other agencies now accommodated in the State, War and Navy Building, it then will be possible to bring into this building, close to The White House, all of the personnel of the Executive Office of the President except The White House Office.

This Order shall take effect on September 11, 1939.

*NOTE:* The President's Committee on Administrative Management, whose report I submitted to the Congress on January 12, 1937, (see Items 241 and 241A, 1936 volume) had included a number of recommendations aimed to strengthen the arms of management of the executive offices of the President (see also note to Item 41, 1938 volume).

In Reorganization Plans No. I and No. II, I outlined a number of ways in which many of the propos-

als of the committee might be carried out (see Items 66 and 77, and accompanying notes, this volume).

The foregoing executive order was designed to implement Plans No. I and No. II with respect to the office of the President. It will be noticed that the office of the President thereby is divided into five categories, plus an additional sixth to be added in the event of a national emergency (see note to Item 154, 1940 volume).

The effect of Reorganization

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Plan No. I and the foregoing executive order was to give the President direct access to the three principal management agencies of government dealing with; (1) personnel, (2) budget, and (3) planning.

I. The first of these five divisions is the White House Office, consisting of the secretaries to the President, the executive clerks and other clerks and employees, and the administrative assistants to the President.

By the terms of the Reorganization Act of 1939 (53 Stat. 561), six administrative assistants were provided for the executive office. These assistants have no power to formulate decisions, but, as indicated in the foregoing executive order, they aid in obtaining and condensing information for me. They have helped very much in the over-all managerial direction of the government, where it is essential that the President have information readily accessible, and also the means to transmit his decisions to those concerned.

Their contact with me is generally through the medium of personal memoranda between us. In this way the necessity for additional personal conferences is avoided; but, at the same time, the relationship is a very close one.

One of the greatest benefits derived from the work of such assistants is that they are able to assimilate all sides of a problem and present the pros and cons of any question to me in a disinterested

and impartial manner. Not only does this save time for me; but it also means that I am assisted in arriving at a decision, having before me the information and points of view of all sides of the problem. Formerly, an interested member of the Congress, or a department head naturally concerned primarily with his own department, or a private party with a financial or political or personal interest at stake, in presenting a matter to me would often present just his own side of the picture. It was sometimes very difficult, in such cases, to see every angle of a question. Now, however, the administrative assistants, who have the time to confer with all interested agencies, sift all this information for me, from the standpoint of the welfare of the entire country and all the departments of government, rather than that of a particular group, or section, or interest.

I have not set up any definite functional patterns for each administrative assistant to follow, or any hard-and-fast allocations of particular functions or groups of functions. However, it is natural that the type of work they do should depend to a great extent upon their training and experience in certain fields; and they have gradually grown into separate jobs more by a policy of accretion than by specific and continual direction by me.

One thing is clear—and the assistants have always scrupulously adhered to it—they are not in-

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tended to be interposed between the President and his cabinet officers and agency heads.

II. The second general division in the Executive Office mentioned in the foregoing executive order is the Bureau of the Budget.

In Reorganization Plan No. I (see Item 66, this volume) I suggested the transfer of the Bureau of the Budget from the Treasury Department to the Executive Office. This was approved by the Congress.

The report of the President's Committee on Administrative Management advocated an expansion of the managerial activities of the Bureau of the Budget. The report recommended that the Bureau should be equipped to supervise the administration as well as the preparation of the budget. In addition, it was suggested that the Bureau should conduct continuous research into problems of administrative management in all the departments and agencies; and that clearance of executive orders and legislative proposals of administrative departments should be made through the Bureau (see note to Item 41, 1938 volume).

Following out these recommendations, one of the most important functions of the new Bureau of the Budget is to conduct a continuing study of the various departments and agencies in order to discover and recommend improvements in administrative management and organization—with the twin ob-

jectives of greater efficiency and reduced expense.

It had long been realized that this was an appropriate and necessary function of the Budget Bureau. A section of the Budget and Accounting Act of 1921, for example, had stipulated that the Bureau should study needed organizational changes "with a view of securing greater economy and efficiency in the conduct of the public service." However, the staff of the Bureau had become so preoccupied with reviewing departmental estimates and assisting the President in the actual preparation of the annual budget, that little time could be spent by it in studying administrative efficiency.

From 1933 onward, the small, overworked staff of the Bureau found itself struggling to cope in an adequate fashion with new and expanded budgets necessitated by the necessary addition of new governmental services and the increase of existing services to meet changed economic and social conditions. The times were such, that speed rather than administrative planning was the most important consideration in launching these social-economic programs. The joints of the federal machinery began to creak; sheer weight of numbers of units responsible to the President made the job of Chief Executive an almost unbearable task. It seemed evident that I had to be provided with expanded staff facilities to assist in the job of ad-

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ministrative management. One obvious move was the strengthening of the Bureau of the Budget.

In 1935, the Acting Director of the Bureau of the Budget took the first steps in this direction by the establishment of a small research and investigation unit in the Bureau. At about the same time, I had appointed the President's Committee on Administrative Management to develop proposals for providing more effective management in the administration of the federal government. Likewise, the Brookings Institution had been engaged by the Congressional committees to study the same question. Action in the Bureau of the Budget on development of staff facilities to engage in management studies was slowed down pending the outcome of these surveys.

The reports of the President's Committee and the Brookings Institution both contained strong recommendations that the Bureau be strengthened and expanded, and that it assume actively the management functions given to it legally under the old Budget and Accounting Act of 1921, but never actually carried out. Increased funds were provided specifically for this purpose; and, in 1939, recruitment of a staff to carry on administrative studies was begun.

After the passage of the Reorganization Act of 1939, the Director of the Budget began to expand the staff of the Bureau in order to fulfill more comprehensively the

duties allocated to it, to cope more adequately with the expanding work-load falling upon it, and to assist the President in carrying out his responsibilities under the Reorganization Act.

There was set up for these purposes the new Division of Administrative Management.

The Division is now organized into four sections.

1. The Management Counsel Section. This surveys the structure and operation of the various departments and agencies, assists in setting up new agencies, and advises government officials on management problems. Among the agencies which have already benefited from extensive surveys made by this Section, at the request of the agencies themselves and with their cooperation, are the Federal Power Commission, the Bituminous Coal Division of the Department of Interior, the Civil Service Commission, the legal services in the Interior Department, and the offices of clerks of the United States District Courts.

2. The Administrative and Fiscal Reorganization Section. This studies duplications in federal activities and need for organization changes along interdepartmental lines. It concentrates more upon financial reporting, and budgetary administration problems. This section assisted me, for example, in developing the details of Reorganization Plans No. III, No. IV, and No. V. Proposals designed to im-

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prove financial reporting and budgetary control were also embodied in Executive Order No. 8512, issued on August 13, 1940. These proposals are now being put into operation with the collaboration of the Treasury Department and the General Accounting Office. As a result, it has been much easier to obtain accurate information and appraisal of the way in which the defense program is proceeding.

3. The Investigation Section. This surveys the existing practices and procedures of the federal agencies in order to develop economy and efficiency through uniformity and better business practices. It has also surveyed such matters where they are common problems to several different departments, such as the development of uniform federal policy toward salary deductions where living quarters and other services are furnished to employees. Many aspects of federal hospital administration have also been investigated, and recommendations made as a result of the studies.

4. Defense Organization Section. With the attention of America focused upon national defense, it was natural that the Division of Administrative Management should concern itself with the problems arising in this connection. The Defense Organization Section was accordingly set up in order to assist in the establishment of the vast number of new defense agencies, and to aid in ironing out their operating problems. The Defense Or-

ganization Section aided the Advisory Commission to the Council of National Defense in organizing its administrative services, and assisted me in framing the plans for the creation of the Office of Production Management and the Office for Emergency Management (see Item 154, 1940 volume). Since early in 1941, this section has been instrumental in setting up the various divisions and services within these offices.

The passage of the so-called "Lend-Lease" Act and the increasing seriousness of the national emergency led the Defense Organization Section of the Division of Administrative Management to study and work out the administrative machinery necessary for over-all economic defense, civilian defense, price control and civilian supply needs, and transportation and agricultural problems.

The Division of Administrative Management is now fully functioning and carrying out the original purpose of management direction as contemplated in the legislation setting up the Budget Bureau.

Another important division in the Bureau of the Budget is the Division of Statistical Standards.

Reorganization Plan No. I had abolished the Central Statistical Committee, and had transferred the Central Statistical Board to the Bureau of the Budget. It remained as such within the Bureau until its basic legislation expired July 25, 1940; it then became the Division

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of Statistical Standards of the Bureau of the Budget. The work of this Division has resulted in the standardization of many questionnaires and in requests for statistical information which go out from the separate federal agencies themselves. These forms must now be cleared through this Division. Uniformity is being sought in the sometimes conflicting methods by which various departments and agencies classify industries and occupations. The benefits of such a Division are that overlapping of work and gaps in the information assembled are eliminated, and that the statistical work serves the entire government in a broader way than when the separate services attached to the many different departments were not coordinated.

In order to carry out the recommendations of the Committee on Administrative Management regarding clearance of possibly conflicting executive orders and recommendations on pending legislation, a Division of Legislative Reference was established under the Bureau of the Budget. This Division assists in preparing executive orders and proclamations, reviews the orders prepared by administrative departments, and keeps the President informed of the need for, and results of, such edicts.

In the case of proposed legislation, the Division analyzes bills to determine their general effect upon the different departments and the general policies of the government;

and this analysis is most helpful to the President in determining whether to sign or veto these bills. If a department or agency is interested in the enactment of a certain type of legislation, it may obtain the assistance of the Division of Legislative Reference for drafting purposes. The Division is thus in a position to make sure that all such proposals are in conformity with established government programs and with existing legislation.

The Division performs a very useful function in informing members of the Congress as to the Administration attitude toward proposed measures. All in all, this new branch of the Bureau of the Budget has eliminated a great deal of friction among the branches of government, and has served to coordinate the policies of the administration.

Thus it can be seen that the Bureau of the Budget has been expanded and developed into an effective managerial aid to the Executive Office. It should be noted that the Bureau of the Budget reaches no decisions upon basic policy matters. However, by furnishing advice and information gleaned by virtue of its key position in the administrative set-up, the Bureau has been of invaluable aid in finding and suggesting possible improvements in fiscal or administrative affairs.

Formerly, for example, it was difficult for me to ascertain just how much progress was being made on a particular departmental project. Now, however, such information is

readily available because of the improvement in the reporting systems of the Bureau, and the more thorough check-ups upon departmental operations, accomplishments and expenditures.

In addition, the development of the Bureau of the Budget has made it easier for the Congress itself to exercise more effective control over expenditures and administrative policies. The appropriations committees of the Congress have come to depend more and more upon the Bureau for informational aid, particularly since the Bureau is able to present an over-all picture, and has no departmental axe to grind.

III. The third major division of the Executive Office mentioned in the foregoing executive order is the National Resources Planning Board.

The President's Committee on Administrative Management recommended that a permanent National Resources Board be established to replace the temporary committees which had been set up by executive order in 1934 and 1935 (see Items 124, 1934 volume and 73, 1935 volume). Although this was not specifically embodied in the Reorganization Act of 1939, Reorganization Plan No. I really carried out this recommendation; and it established the National Resources Planning Board as a permanent part of the Executive Office (see Item 66, this volume).

The members of the Board are often assisted by technical com-

mittees or consultants drawn from other government agencies or from the general public.

Under the terms of this Plan, the functions of the Federal Employment Stabilization Office were merged with those of the new Board. This transfer has coordinated the formulation of the public works program from the point of view of both national development and the demands for unemployment relief. Moreover, the Board, by reason of its new position, has been enabled to work more closely with the Bureau of the Budget in keeping abreast with the progress of construction, and in avoiding duplication in public works projects undertaken by the various federal agencies.

As indicated in the foregoing executive order, the National Resources Planning Board performs investigative and advisory functions aiming to mobilize the full energies of the nation in developing our natural and human resources.

Their work and the President's planning functions have been carried out in close cooperation. At times, for example, I have suggested that the Board study a particular problem, either on my own initiative or as a result of suggestions which have come to me; at other times the initiative has come from the Board itself to make certain surveys. In this fashion many projects have been thoroughly developed, covering such subjects as

land and water resources, public works, urbanism and regionalism, population, the social implication of technology, and a long-term relief policy.

Relationships with other federal agencies and with state, local, regional, and private planning agencies have also been very close. For example, studies of consumer expenditures and consumer income have been undertaken on a collaborating basis with the Departments of Agriculture and Labor and the W.P.A. In conjunction with the Civil Service Commission, the Board is preparing the National Roster of Scientific and Specialized Personnel available during the emergency. The Board has assisted the Office for Emergency Management in assembling information on the location of industrial plants. The Board has made a particular effort to stimulate all the existing planning agencies throughout the entire administrative structure, as well as local planning bodies in various sections of the country.

Long-range and short-term planning demands the service of experts of high technical competence and breadth of vision. The National Resources Planning Board has, in great part, fulfilled this ideal; and has measurably aided the Executive Office in performing its managerial functions.

IV. The fourth division of the Executive Office mentioned in the foregoing executive order, is the Liaison Office for Personnel Man-

agement. This office was created in order to provide a closer contact between the President and the Civil Service Commission and the other agencies of government dealing with personnel matters.

The question of adequate personnel is a vital one which should deeply concern the President—both for legal and for managerial reasons. Under the Constitution, the President is vested with the executive power, and together with his department heads he is charged with appointing subordinate officers to carry out that power. Moreover, he is the one most logically equipped to supervise and develop personnel policies throughout the entire executive establishment.

The history of civil service legislation shows early recognition of this theory. The original Congressional Act of March 3, 1871, and the Pendleton Act of 1883 creating the Civil Service Commission, for example, clearly indicated the responsibility of the President for stimulating efficiency and higher standards of quality in the federal service, and the primary interest of the Chief Executive in all personnel matters. It is unfortunate, however, that until recent years the emphasis of civil service reformers has had to be upon policing the civil service system, to protect it against the evils and corruption of the spoils system, rather than upon developing, in a positive manner, a career service which will attract a higher caliber of personnel, and

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facilitate better administration of governmental affairs.

This attitude has caused the Civil Service Commission to shy away from close association with the Chief Executive and his administrative department heads. This lack of association, unfortunately, became greater as the activities of government expanded and the number of federal employees increased. Because it became increasingly difficult for the President to maintain contact with a three-man Civil Service Commission set up on a bipartisan basis, the Commission became more and more isolated from the Executive Office.

Efforts had been made, in the past, to correct this situation. President Hoover had proposed in 1932, for example, that the Civil Service Commission be made advisory and that a single Personnel Administrator be established; but nothing came of this recommendation. The President's Committee on Administrative Management advocated that a single Civil Service Administrator and a seven-membered advisory board be established in order to unify direction of personnel policies, to provide the President with quick and responsible advice on personnel matters, and to improve the relationships among the Civil Service Commission, the President, and his official family.

The Congress, however, failed to adopt these recommendations, and specifically exempted the Civil Service Commission from those

agencies which the President was empowered to regroup under the Reorganization Act of 1939. However, in my message accompanying Reorganization Plan No. I, the Congress was placed on notice that one of the administrative assistants would be named to serve as liaison agent of the White House to act on personnel management. This was done in the foregoing executive order after Congressional approval of the Plan.

The Liaison Officer for Personnel Management is now, fortunately, situated within the Executive Office, with ample opportunity to collaborate with the Bureau of the Budget and the other managerial agencies established under the reorganization plans. Armed with authority delegated by me on personnel matters, he meets periodically with the Civil Service Commission, the Council of Personnel Administration (composed largely of the personnel directors of the federal agencies), and the agencies themselves. In this way I am kept in closer touch with both the Civil Service Commission and the other governmental departments, in order that personnel policies be more speedily and more carefully directed toward attracting and retaining a high brand of men and women in the federal service.

Thus, although the specific recommendations of the Committee on Administrative Management concerning a single civil service administrator for personnel problems

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have not been carried out, many of the objectives have been achieved through this liaison officer.

V. The fifth division of the Executive Office mentioned in the foregoing executive order is the Office of Government Reports.

By statute, a Director, appointed by the President, heads this office. A central office of information to cover all the activities of the federal government saves an extraordinary amount of time, money, and confusion for public officials and private citizens as well. More than that, it provides a central agency in the office of the President himself, where anybody may apply for information.

The Office of Government Reports has been divided into three divisions, which are conducted as follows:

1. *The Division of Field Operations.* This Division maintains thirty-four state and regional offices for the benefit of government officials and the general public. It is designed to assist the various field offices in making information available, and to transmit suggestions and complaints from the field to the government departments.

Since the start of the defense program, the work of this Division has expanded widely. Inquiries concerning the activities of the new federal agencies have poured in, and defense agencies which have no field offices have depended upon the Division to keep the public informed of their functions and pro-

gram. Manufacturers and other business men have welcomed the informational and advisory facilities, which assist them in learning the proper defense agencies to which to apply without unnecessary trouble and expense.

A number of general pamphlets have been prepared by the Division when requests on a particular subject have become numerous. A daily "Information Digest," for example, covering the releases of all federal agencies, and a summary of defense developments entitled "This Week in Defense" are widely distributed. Pamphlets and reports have also been published on job training for defense employment, the general functions of the federal agencies, and a summary of many private reports analyzing the operation of numerous federal activities.

The Division of Field Operations also assists in coordinating the various legislative proposals to be submitted to the state legislatures. With the increase in federal-state cooperation in such fields as social security, the interest of the federal government in the form and content of state legislation has been growing. The work of this branch of the Office of Government Reports is designed to avoid duplication in legislative proposals for the same state, to consult all agencies which will be affected by any proposed state legislation, and to keep the federal agencies generally informed of the progress of state legislation.

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Other activities of this Division include a series of broadcasts entitled "U. S. Government Reports," covering the work of the various agencies and bureaus, and the preparation and distribution of a number of electrical transcriptions devoted to a discussion of the national defense program.

2. *The Division of Press Intelligence.* This Division maintains a comprehensive newspaper clipping bureau. Budget limitations and increasing official demands have forced this service to be confined to officers of the legislative, judicial, and executive branches of the government. It has replaced the old departmental system of subscribing to commercial clipping services, which was not only expensive, but also inelastic when special demands arose. Now the Division can draw upon its 5,500,000 clippings on all phases of federal activities to meet requests for specific subjects or more extended research.

The *Daily Bulletin*, containing news and editorial comment from 350 selected newspapers, and *Magazine Abstracts*, summarizing articles from 50 periodicals, are distributed regularly to interested members of the legislative, executive, and judicial branches of government.

3. *The United States Information Service.* This division was formerly a part of the National Emergency Council before the latter's abolition. It maintains offices in

Washington and New York designed to answer factual questions on the organization and operation of all federal functions.

During 1940, the Service handled approximately 100,000 inquiries, more than 6,000 of which came from members of Congress. The reference facilities of the Service are used by students, research workers, and writers seeking information about the government.

Since the establishment of the Office of Government Reports, both government officials and the public at large have been benefited by having a central source of information for everything the government does.

The Office has now been made a permanent agency by Public No. 107, 77th Congress, approved June 9, 1941.

VI. In the foregoing executive order, it was stated that in the event of a national emergency or threat of a national emergency, there should be placed within the Executive Office a sixth division — "such office for emergency management as the President shall determine." By an administrative order of May 25, 1940, the Office for Emergency Management was established, and its duties and functions were prescribed in greater detail in an administrative order of January 7, 1941; and as part of this office the Office of Production Management was created by executive order (see Item 154, 1940 volume).

126 ¶ The Marketing Limitations on Sugar Are  
Suspended for the Emergency. Proclamation No.  
2361 and the Presidential Statement with  
Respect Thereto. September 11, 1939

WHEREAS section 509 of the Sugar Act of 1937 provides, in part:

“Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of Title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exists. . . .”;

WHEREAS the outbreak of war among major European countries has resulted in excessive and harmful speculation in sugar and rapidly rising prices to consumers, which conditions are accentuated by the marketing limitations imposed under title II of the Act; and

WHEREAS such increased prices of sugar will not accrue to the benefit of the majority of producers by reason of the sale of much of their current crop before the outbreak of the war:

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision of the Sugar Act of 1937, do hereby find and proclaim that a national economic emergency exists with respect to sugar, and do by this proclamation suspend the operation of title II of that Act.

STATEMENT BY THE PRESIDENT IN CONNECTION WITH  
THE FOREGOING PROCLAMATION

I HAVE ISSUED a proclamation today temporarily suspending the marketing quotas on sugar as an emergency measure required under the provisions of the Sugar Act of 1937.

### *126. Suspension of Marketing Limitations on Sugar*

This suspension was made necessary by the increased world demand for sugar as a result of the outbreak of war in Europe, the extraordinary purchases of sugar by consumers, and the apparent speculative activity. Many consumers, presumably, have been purchasing sugar with the view of holding it in reserve against the possibility of a lengthy war and some speculators and other holders have apparently taken advantage of this situation to advance prices rapidly and capture windfall profits.

The continuance of quota restrictions under the Sugar Act would, of course, place a restraint on the marketing of sugar produced this year in the beet sugar producing States and in Louisiana and Florida. A great number of complaints have been made within the past few days that the quota restrictions on sugar marketing are making it difficult and costly for housewives and industrial users to get enough sugar to supply domestic needs.

Sugar quotas first became effective in 1934 with the passage of the Jones-Costigan Act. Under peacetime conditions the quota system protected producers of sugar but made ample supplies of the product available at reasonable prices to consumers. Of necessity, however, the quota system meant certain restrictions. The suspension of quotas removes all these restrictions.

It should be kept in mind that, under the law, the quotas may be reinstated if such a step becomes necessary for the welfare of sugar producers.

It should also be noted that the domestic sugar producers will continue to receive payments under the 1939 conditional payment program now in effect. Producers will, of course, understand that under the provisions of the Sugar Act it should not be assumed that payments can be made with respect to future crops so long as quotas must be continued in suspension. Nor should any one assume that increased acreage planted under the stimulus of war conditions can be made permanent for purposes of determining future allotments.

## *126. Suspension of Marketing Limitations on Sugar*

**NOTE:** The foregoing statement and proclamation sufficiently explain the necessity for suspending the sugar quotas set up pursuant to the Sugar Act of 1937 (see Item 28, 1937 volume).

After the outbreak of the war in September of 1939, there started a nation-wide wave of sugar buying by those who recalled the limited sugar supplies and the short period of excessive prices after the first World War started. As an example of this rush to buy sugar, it appears that during the month of September, 1939, there were sold 1,200,000 tons of sugar as compared with an average of 630,000 tons in September of the four preceding years. As a result of this great demand there came considerable speculation. The price of raw sugar (duty-free New York basis) rose from \$2.93 on August 31 to \$3.86 per 100 pounds on September 6, 1939; and the wholesale price of refined sugar rose in the same period from \$4.31 to \$5.63 per 100 pounds. Of this great advance in price, only a small benefit was felt by the domestic producers of sugar because of their long-term contracts with the refineries.

Although the Department of Agriculture announced on September 7 that reserves of sugar in the United States and in Cuba and other Latin American countries were adequate for any requirements of consumers, the difficulty continued to grow, and further steps became necessary to protect consumers.

Accordingly, I took advantage of the emergency powers contained in Section 509 of the Sugar Act of 1937, which in part is quoted in the foregoing proclamation.

As a result of this suspension of quotas, approximately 740,000 tons of sugar were marketed in the domestic sugar areas in excess of what those areas would have been permitted to market under the quotas in effect at the time of suspension.

This increased protection and the availability of sugar reserves here and in the neighboring countries soon caused the war-time disturbance to subside; and therefore, on December 26, 1939, I issued Proclamation No. 2378 terminating this suspension of the marketing quotas provisions of the Sugar Act of 1937 (see Item 172 and note, this volume).

127 ¶ The Congress Is Called into Extraordinary Session. Proclamation No. 2365.

September 13, 1939

WHEREAS public interests require that the Congress of the United States should be convened in extra session at twelve o'clock, noon, on Thursday, the Twenty-first day of September, 1939, to receive such communication as may be made by the Executive;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, do hereby proclaim and declare that an extraordinary occasion requires the Congress of the United States to convene in extra session at the Capitol in the City of Washington on Thursday, the Twenty-first day of September, 1939, at twelve o'clock, noon, of which all persons who shall at that time be entitled to act as members thereof are hereby required to take notice.

(See note to Item 130, this volume, for an account of the action taken at the extraordinary session of the Congress in repealing the arms embargo.)

128 ¶ Commendation on the Salvage of the "Squalus." September 16, 1939

From: The Commander-in-Chief.

To: The *Squalus* Salvage Unit.

Via: The Secretary of the Navy.

Subject: Commendation.

1. The Commander-in-Chief expresses to all of you his appreciation of the untiring devotion to duty, courage, skill, initiative and self-sacrifice shown in the operations resulting in the rescue of the survivors and finally in the successful salvage of the U.S.S. *Squalus*. These hazardous and grueling tasks have been accomplished in spite of obstacles imposed by bad weather

### 129. *Bombing of Civilians*

and unfavorable conditions incident to the great depth of water in which the *Squalus* was submerged.

2. Your determined and efficient efforts have held the attention of the entire nation and the successful completion of this unprecedented task merits the highest approval and admiration.

3. I commend you for upholding the reputation of the Navy in accordance with its time honored traditions.

4. Well done!

(s) FRANKLIN D. ROOSEVELT

### 129 ¶ A Message to the President of Poland on Bombing of Civilians. September 18, 1939

I HAVE received your telegram stating that as the result of the bombing by German aircraft of Polish towns and villages possessing no considerable military objective thousands of the civil population of Poland are dead or wounded.

It had been my hope following the receipt from the several belligerent powers of the replies to my appeal of September 1, in which they stated their intentions to limit the operations of their air forces to military objectives, that the world would be spared the horror of witnessing during this war the bombing of open towns and villages and the slaughtering of thousands of innocent and defenceless men, women, and children.

I have been deeply shocked, therefore, by the statements contained in your telegram as well as by reports received from other sources, including officials of this Government in Poland at the scene of hostilities.

In view of the hundreds of thousands of lives which may be at stake, it is my earnest hope that the Governments of the belligerent countries will renew their orders prohibiting the practice of bombing civilians in unfortified centers of population from the air, and that they will take measures to assure themselves that their respective air forces are showing that regard for

the lives of non-combatants which their replies to my appeal of September 1 have led the world to expect.

130 ¶ The President Urges the Extraordinary Session to Repeal the Embargo Provisions of the Neutrality Law. September 21, 1939

*Mr. President, Mr. Speaker, Members of the Senate and House of Representatives:*

I HAVE ASKED the Congress to reassemble in extraordinary session in order that it may consider and act on the amendment of certain legislation, which, in my best judgment, so alters the historic foreign policy of the United States that it impairs the peaceful relations of the United States with foreign nations.

At the outset I proceed on the assumption that every member of the Senate and of the House of Representatives, and every member of the Executive Branch of the Government, including the President and his associates, personally and officially, are equally and without reservation in favor of such measures as will protect the neutrality, the safety and the integrity of our country and at the same time keep us out of war.

Because I am wholly willing to ascribe an honorable desire for peace to those who hold different views from my own as to what those measures should be, I trust that these gentlemen will be sufficiently generous to ascribe equally lofty purposes to those with whom they disagree. Let no man or group in any walk of life assume exclusive protectorate over the future well-being of America, because I conceive that regardless of party or section the mantle of peace and of patriotism is wide enough to cover us all. Let no group assume the exclusive label of the "peace bloc." We all belong to it.

I have at all times kept the Congress and the American people

mantle of peace and of patriotism is wide enough to cover us  
all. *Insert A*

I have at all times kept the Congress <sup>and the American people</sup> informed of events  
and trends in foreign affairs. I now review them in a spirit  
of understatement.

Since 1931 the use of force in <sup>stead</sup> ~~place~~ of the council table  
has constantly increased in the <sup>settlement</sup> ~~settlement~~ of disputes between  
nations -- <sup>except in</sup> ~~with the single exception of~~ the Western Hemisphere  
<sup>from 1914 to 1918</sup> where only one war, now happily terminated, ~~has occupied the~~  
~~pages of history~~

During these years also the building up of <sup>vast</sup> armies, navies  
and <sup>if not</sup> ~~armies~~ <sup>air forces</sup> ~~storehouses~~ <sup>air bases</sup> has proceeded with growing intensity. *But,*  
during these years, and extending back even to the days  
of the Kellogg-Briand Pact, the United States has constantly,  
consistently and conscientiously done all in its power to  
encourage peaceful settlements, to <sup>bring about</sup> ~~insure~~ reduction of armaments  
and to avert threatened wars. *Insert X* We have done this because any war  
anywhere necessarily affects American security and American  
prosperity adversely, and because of the greater fact that the  
more recent teachings of philosophy and religion prove that  
wars retard the progress of the morality and the security of  
civilization.



informed of events and trends in foreign affairs. I now review them in a spirit of understatement.

Since 1931 the use of force instead of the council table has constantly increased in disputes between nations—except in the Western Hemisphere where in all those years there has been only one war, now happily terminated.

During those years also the building up of vast armies and navies and storehouses of war has proceeded abroad with growing speed and intensity. But, during these years, and extending back even to the days of the Kellogg-Briand Pact, the United States has constantly, consistently and conscientiously done all in its power to encourage peaceful settlements, to bring about reduction of armaments, and to avert threatened wars. We have done this not only because any war anywhere necessarily hurts American security and American prosperity, but because of the more important fact that any war anywhere retards the progress of morality and religion, and impairs the security of civilization itself.

For many years the primary purpose of our foreign policy has been that this nation and this Government should strive to the utmost to aid in avoiding war among nations. But if and when war unhappily comes, the Government and the nation must exert every possible effort to avoid being drawn into the war.

The Executive Branch of the Government did its utmost, within our traditional policy of non-involvement, to aid in averting the present appalling war. Having thus striven and failed, this Government must lose no time or effort to keep our nation from being drawn into the war.

In my candid judgment we shall succeed in those efforts.

We are proud of the historical record of the United States and of all the Americans during all these years, because we have thrown every ounce of our influence for peace into the scale of peace.

I note in passing what you will all remember—the long debates of the past on the subject of what constitutes aggression,

on the methods of determining who the aggressor might be and on who the aggressors in past wars had been. Academically this may have been instructive, as it may have been of interest to historians to discuss the pros and cons and the rights and wrongs of the World War during the decade that followed it.

But in the light of problems of today and tomorrow, responsibility for acts of aggression is not concealed, and the writing of the record can safely be left to future historians.

There has been sufficient realism in the United States to see how close to our own shores came dangerous paths which were being followed on other continents.

Last January I told the Congress that "a war which threatened to envelop the world in flames has been averted, but it has become increasingly clear that peace is not assured."

By April new tensions had developed; a new crisis was in the making. Several nations with whom we had had friendly, diplomatic and commercial relations had lost, or were in the process of losing, their independent identity and their very sovereignty.

During the spring and summer the trend was definitely toward further acts of military conquest and away from peace. As late as the end of July I spoke to members of the Congress about the definite possibility of war. I should have called it the probability of war.

Last January, also, I spoke to this Congress of the need for further warning of new threats of conquest, military and economic; of challenge to religion, to democracy and to international good faith. I said: "An ordering of society which relegates religion, democracy and good faith among nations to the background can find no place within it for the ideals of the Prince of Peace. The United States rejects such an ordering and retains its ancient faith. . . ."

And I said:

"We know what might happen to us of the United States if the new philosophies of force were to encompass the other continents and invade our own. We, no more than other nations,

can afford to be surrounded by the enemies of our faith and our humanity. Fortunate it is, therefore, that in this Western Hemisphere, we have, under a common ideal of democratic Government, a rich diversity of resources and of peoples functioning together in mutual respect and peace."

Last January, in the same message, I also said:

"We have learned that when we deliberately try to legislate neutrality, our neutrality laws may operate unevenly and unfairly—may actually give aid to an aggressor and deny it to the victim. The instinct of self-preservation should warn us that we ought not to let that happen any more."

It was because of what I foresaw last January from watching the trend of foreign affairs and their probable effect upon us that I recommended to the Congress in July of this year that changes be enacted in our neutrality law.

The essentials for American peace in this war-torn world have not changed since last January or since last July. That is why I ask you again to re-examine our own legislation.

Beginning with the foundation of our constitutional Government in the year 1789, the American policy in respect to belligerent nations, with one notable exception, has been based on international law. Be it remembered that what we call international law has always had as its primary objectives the avoidance of causes of war and the prevention of the extension of war.

The single exception to which I refer was the policy adopted by this nation during the Napoleonic Wars, when, seeking to avoid involvement, we acted for some years under the so-called Embargo and Non-Intercourse Acts. That policy turned out to be a disastrous failure—first, because it brought our own nation close to ruin, and, secondly, because it was the major cause of bringing us into active participation in European wars in our own War of 1812. It is merely reciting history to recall to you that one of the results of the policy of embargo and non-intercourse was the burning in 1814 of part of this Capitol in which we are assembled today.

### *130. Repeal of Arms Embargo*

Our next deviation by statute from the sound principles of neutrality, and peace through international law did not come for one hundred and thirty years. It was the so-called Neutrality Act of 1935—only four years ago—an Act continued in force by the Joint Resolution of May 1, 1937, despite grave doubts expressed as to its wisdom by many Senators and Representatives and by officials charged with the conduct of our foreign relations, including myself.

I regret that the Congress passed that Act. I regret equally that I signed that Act.

On July fourteenth of this year, I asked the Congress in the cause of peace and in the interest of real American neutrality—and security, to take action to change that Act.

I now ask again that such action be taken in respect to that part of the Act which is wholly inconsistent with ancient precepts of the law of nations—the embargo provisions. I ask it because they are, in my opinion, most vitally dangerous to American neutrality, American security and, above all, American peace.

These embargo provisions, as they exist today, prevent the sale to a belligerent by an American factory of any completed implements of war, but they allow the sale of many types of uncompleted implements of war, as well as all kinds of general material and supplies. They, furthermore, allow such products of industry and agriculture to be taken in American flag ships to belligerent nations. There in itself—under the present law—lies definite danger to our neutrality and our peace.

From a purely material point of view what is the advantage to us in sending all manner of articles across the ocean for final processing there when we can give employment to thousands by doing it here? Incidentally, and again from the material point of view, by such employment here we automatically aid in building up our own national defense. And if abnormal profits appear in our midst even in time of peace, as a result of such an increase of our industry, I feel certain that the subject will be adequately dealt with at the coming regular session of the Congress.

### *130. Repeal of Arms Embargo*

Let me set forth the present paradox of the existing legislation in its simplest terms: If, prior to 1935, a general war had broken out in Europe, the United States would have sold to, and bought from, belligerent nations such goods and products of all kinds as the belligerent nations, with their existing facilities and geographical situations, were able to buy from us or sell to us. This would have been the normal practice under the age-old doctrines of international law.

Our prior position accepted the facts of geography and of conditions of land power and sea power and air power alike, as they existed in all parts of the world.

If a war had broken out in Europe prior to 1935, there would have been no difference, for example, between our exports of sheets of aluminum and airplane wings; today there is an artificial legal difference.

Before 1935 there would have been no difference between the export of cotton and the export of gun cotton. Today there is.

Before 1935 there would have been no difference between the shipment of brass tubing in pipe form and brass tubing in shell form. Today there is.

Before 1935 there would have been no difference between the export of a motor truck and an armored motor truck. Today there is.

Let us be factual, let us recognize that a belligerent nation often needs wheat and lard and cotton for the survival of its population just as much as it needs anti-aircraft guns and anti-submarine depth-charges. Let those who seek to retain the present embargo position be wholly consistent. Let them seek new legislation to cut off cotton and cloth and copper and meat and wheat and a thousand other articles from all of the nations at war.

I seek a greater consistency through the repeal of the embargo provisions, and a return to international law. I seek reenactment of the historic and traditional American policy which, except for the disastrous interlude of the Embargo and Non-Intercourse

### 130. *Repeal of Arms Embargo*

Acts, has served us well from the very beginning of our Constitutional existence.

It has been erroneously said that return to that policy might bring us nearer to war. I give to you my deep and unalterable conviction, based on years of experience as a worker in the field of international peace, that by the repeal of the embargo the United States will more probably remain at peace than if the law remains as it stands today. I say this because with the repeal of the embargo, this Government clearly and definitely will insist that American citizens and American ships keep away from the immediate perils of the actual zones of conflict.

Repeal of the embargo and a return to international law are the crux of the issue that faces us.

The enactment of the embargo provisions did more than merely reverse our traditional policy. It had the effect of putting land powers on the same footing as naval powers, so far as sea-borne commerce was concerned. A land power which threatened war could thus feel assured in advance that any prospective sea-power antagonist would be weakened through denial of its ancient right to buy anything anywhere. This, four years ago, began to give a definite advantage to one belligerent as against another, not through his own strength or geographical position, but through an affirmative act on the part of the United States. Removal of the embargo is merely reverting to the sounder international practice, and pursuing in time of war as in time of peace our ordinary trade policies. This will be liked by some and disliked by others, depending on the view they take of the present war; but that is not the issue. The step I recommend is to put this country back on the solid footing of real and traditional neutrality.

When and if—I do not like even to mention the word “if,” I would rather say “when”—repeal of the embargo is accomplished, certain other phases of policy reinforcing American safety should be considered. While nearly all of us are in agreement on their objectives, the only questions relate to method.

I believe that American merchant vessels should, as far as

possible, be restricted from entering war zones. But, war zones may change so swiftly and so frequently in the days to come, that it is impossible to fix them permanently by act of Congress; specific legislation may prevent adjustment to constant and quick change. It seems, therefore, more practical to delimit the actual geography of the war zones through action of the State Department and administrative agencies. The objective of restricting American ships from entering such zones may be attained by prohibiting such entry by the Congress; or the result can be substantially achieved by executive proclamation that all such voyages are solely at the risk of the American owners themselves.

The second objective is to prevent American citizens from traveling on belligerent vessels, or in danger areas. This can also be accomplished either by legislation, through continuance in force of certain provisions of existing law, or by proclamation making it clear to all Americans that any such travel is at their own risk.

The third objective, requiring the foreign buyer to take transfer of title in this country to commodities purchased by belligerents, is also a result that can be attained by legislation or substantially achieved through due notice by proclamation.

The fourth objective is the preventing of war credits to belligerents. This can be accomplished by maintaining in force existing provisions of law, or by proclamation making it clear that if credits are granted by American citizens to belligerents, our Government will take no steps in the future to relieve them of risk or loss.

The result of these last two objectives will be to require all purchases to be made in cash, and all cargoes to be carried in the purchasers' own ships, at the purchasers' own risk.

Two other objectives have been amply attained by existing law, namely, regulating collection of funds in this country for belligerents, and the maintenance of a license system covering import and export of arms, ammunition and implements of war. Under present enactments, such arms cannot be carried to bel-

ligerent countries on American vessels, and this provision should not be disturbed.

The Congress, of course, should make its own choice of the method by which these safeguards are to be attained, so long as the method chosen will meet the needs of new and changing day to day situations and dangers.

To those who say that this program would involve a step toward war on our part, I reply that it offers far greater safeguards than we now possess or have ever possessed, to protect American lives and property from danger. It is a positive program for giving safety. This means less likelihood of incidents and controversies which tend to draw us into conflict, as they unhappily did in the last World War. There lies the road to peace!

The position of the Executive Branch of the Government is that the age-old and time-honored doctrine of international law, coupled with these positive safeguards, is better calculated than any other means to keep us out of war.

In respect to our own defense, you are aware that I have issued a proclamation setting forth "A National Emergency in Connection with Observance, Safeguarding, and Enforcement of Neutrality and the Strengthening of the National Defense within the Limits of Peace-Time Authorization." This was done solely to make wholly constitutional and legal certain obviously necessary measures. I have authorized increases in the personnel of the Army, the Navy, the Marine Corps and the Coast Guard, which will bring all four of them to a total still below peace-time strength as authorized by the Congress.

I have authorized the State Department to use, for the repatriation of Americans caught in the war zone, the sum of \$500,000 already authorized by the Congress.

I have authorized the addition of one hundred and fifty persons to the Department of Justice to be used in the protection of the United States against subversive foreign activities within our borders.

At this time I ask for no further authority from the Congress.

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At this time I see no need for further executive action under the proclamation of limited national emergency.

Therefore, I see no impelling reason for the consideration of other legislation at this extraordinary session of the Congress.

It is, of course, possible that in the months to come unforeseen needs for further legislation may develop but they are not imperative today.

These perilous days demand cooperation among us without trace of partisanship. Our acts must be guided by one single hard-headed thought—keeping America out of this war. In that spirit, I am asking the leaders of the two major parties in the Senate and the House of Representatives to remain in Washington between the close of this extraordinary session and the beginning of the regular session on January third, 1940. They have assured me that they will do so; and I expect to consult with them at frequent intervals on the course of events in foreign affairs and on the need for future action in this field, whether it be executive or legislative action.

Further, in the event of any future danger to the security of the United States or in the event of need for any new legislation of importance, I will immediately reconvene the Congress in another extraordinary session.

I should like to be able to offer the hope that the shadow over the world might swiftly pass. I cannot. The facts compel my stating, with candor, that darker periods may lie ahead. The disaster is not of our making; no act of ours engendered the forces which assault the foundations of civilization. Yet we find ourselves affected to the core; our currents of commerce are changing, our minds are filled with new problems, our position in world affairs has already been altered.

In such circumstances our policy must be to appreciate in the deepest sense the true American interest. Rightly considered, this interest is not selfish. Destiny first made us, with our sister nations on this Hemisphere, joint heirs of European culture. Fate seems now to compel us to assume the task of helping to maintain in the Western world a citadel wherein that civiliza-

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tion may be kept alive. The peace, the integrity, and the safety of the Americas—these must be kept firm and serene.

In a period when it is sometimes said that free discussion is no longer compatible with national safety, may you by your deeds show the world that we of the United States are one people, of one mind, one spirit, one clear resolution, walking before God in the light of the living.

*NOTE:* When I signed the “Neutrality” Act of 1935 (49 Stat. 1081), I stated: “History is filled with unforeseeable situations that call for some flexibility of action. It is conceivable that situations may arise in which the wholly inflexible provisions of Section 1 of this Act might have exactly the opposite effect from that which was intended” (see Item 117 and note, 1935 volume).

This legislation prohibited the export of arms, munitions, and implements of war to belligerent countries when the President proclaimed that a state of war existed between two or more foreign countries, and made it unlawful for American ships to carry arms to belligerents. Further provisions, as described in the Note to Item 117, 1935 volume, set up a National Munitions Control Board to supervise the traffic in arms, and denied protection to American citizens travelling on belligerent ships.

Although commonly known as the Neutrality Act, it should be borne in mind that most of its provisions, such as the arms embargo, the carriage of arms in American vessels, and the control

of munitions, have nothing to do with neutrality as understood in international law. They were designed rather to serve the purpose of decreasing possible points of conflict with belligerents, and thus decrease the likelihood of our being drawn into a war.

By Proclamation No. 2138 (see Item 130, 1935 volume), upon recommendation of the National Munitions Control Board, I specified a list of articles to be considered as arms, ammunition, and implements of war for the purpose of the Act.

Upon the outbreak of the Italo-Ethiopian War in 1935, I invoked the “Neutrality” Act (see Items 143, 144, and 145, 1935 volume).

The arms embargo provisions of the “Neutrality” Act of 1935 expired on February 29, 1936, at which time they were further extended until May 1, 1937; and with certain exceptions, loans and credits to belligerent governments were prohibited (49 Stat. 1152; see Item 26 and note, 1936 volume).

After the start of the Spanish Civil War in July, 1936, the Department of State discouraged the export of arms to Spain; and when

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the Congress reconvened in January, 1937, it passed Public Resolution No. 1, 75th Congress (50 Stat. 3), extending the arms embargo to cover Spain. (For a discussion of the Spanish arms embargo, see Item 231 and note, 1936 volume; and Item 51 and note, 1937 volume.)

On May 1, 1937, the Congress by joint resolution indefinitely extended the principles of the neutrality legislation of 1935 and 1936 (50 Stat. 121), adding a new feature, the so-called "cash and carry" idea. This new provision, which was operative until May 1, 1939, allowed the President to designate certain articles other than arms and ammunition which could not be transported in American ships, but which could be transported in other than American ships if title were transferred to the consignee before shipment.

Probably the worst feature of this legislation was its inflexibility, as I stated when I signed the 1935 Act. In other words, it crippled the efforts of this country to exert its influence in behalf of peace, because we were prevented from applying the Act in such a way as to discourage the lawless aggression which was spreading over the world. The arms embargo also discriminated against those allied nations who had control of the seas through a natural geographic advantage.

In my annual message to the Congress in January, 1939 (see Item 1, this volume), I pointed out the possible unfairness of the "neu-

trality" laws, in that they might encourage aggression. I further stated: "There are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor governments the aggregate sentiments of our own people." One of the methods I had in mind, of course, was to be able to sell implements of war to those nations who needed them to resist aggression—but who could not get them under this "neutrality" legislation.

In my press conference of March 7, 1939, when questioned whether the "neutrality" legislation had contributed to the peace of the world, I replied categorically, "No, it has not." (See Item 40, this volume.)

Despite the efforts of the administration to have the "neutrality" legislation reconsidered by the Congress, in July, 1939, the Foreign Relations Committee of the United States Senate voted 12-11 to defer further action until the next session of the Congress (see Items 93 and 94, this volume).

On July 18, 1939, following a conference of legislative leaders held at the White House, I stated that "failure by the Senate to take action now would weaken the leadership of the United States in exercising its potent influence in the cause of preserving peace among other nations in the event of a new crisis in Europe between now and next January." It was at this conference that Senator Borah made the statement that he had "better

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private information" than the State Department regarding the imminence of war in Europe (see Item 96, page 391, this volume).

The action of the majority of the members of the Congress in refusing to amend the "neutrality" legislation and thus permit this country to throw its influence in favor of peace constituted, in a sense, a "bet" by them that there would be no war until after the Congress reconvened in January, 1940 (see Item 106, page 428, this volume).

When the war actually broke out, I was bound by the terms of the "Neutrality" Act to impose an embargo upon the shipment of arms and munitions (see Item 120, this volume). On September 13, 1939, I called a special session of the Congress (see Item 127, this volume), to which I delivered the message printed as the above document.

On September 28, the Foreign Relations Committee voted 16-7 to report the new bill, and debate in the Senate commenced on October 2. The bill passed the Senate on October 27 by a vote of 63-30, after numerous limiting amendments had been defeated. The House of Representatives commenced consideration of the legislation on October 31, and passed it on November 2 by a vote of 243-181. On November 3, the conference report was adopted by the Senate by a vote of 55-24, and by the House of

Representatives by a vote of 243-172.

The measure was approved by me at noon on November 4 (Public Resolution No. 54, 76th Congress).

The new law repealed the arms embargo. It also made various other departures from the previous neutrality legislation. In previous acts, the application was made effective upon the finding of a state of war by the President. The new law does not become effective until the President by proclamation, or the Congress by concurrent resolution, in addition to finding the existence of a state of war, decides also that putting it into effect "is necessary to promote the security or preserve the peace of the United States, or protect the lives of citizens of the United States."

The new law further prohibits, upon such proclamation, the use of the American flag by any foreign vessel, upon penalty of exclusion from American ports and territorial waters. The law also empowers the President to exclude foreign submarines from our territorial waters. The "cash and carry" provisions of the old legislation were also re-enacted for all materials; as were the features prohibiting American citizens from travelling on belligerent vessels. American vessels were prohibited from carrying arms and ammunition, or any other supplies, to belligerents.

In case of war, the President is

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directed to define by proclamation combat areas through which American vessels may not pass. Immediately after the enactment of the legislation, I revoked my proclamations imposing arms embargoes, and defined the new combat areas created by the European war (see Items 148, 149, 150, and 152, pages 566-567, this volume).

Additional combat areas were defined with the spread of the war to the Scandinavian and Low coun-

tries (see Items 27 and 43, 1940 volume); and when Italy entered the war and later invaded Greece (see Items 56 and 137, 1940 volume).

Many subsequent proclamations and executive orders pursuant to the new neutrality legislation were issued. All these proclamations and executive orders issued up to January 20, 1941 are included among those listed on pages 557-619 of the 1937 volume.

131 ¶ The Five Hundred and Eighty-first Press Conference (Excerpts). September 22, 1939

*(Sighting of submarines off Alaska and Boston—Neutrality patrol—Reaction to message to the Congress.)*

Q. [Mr. Godwin] How do you do?

THE PRESIDENT: Did you have a good holiday?

Q. [Mr. Godwin] I spent it out here in the Press Room, mostly, listening to the radio. *(Laughter)*

That was a good show up at the Capitol yesterday. Did you see it? *(Laughter)*

THE PRESIDENT: No. When you were away last week there were all kinds of ribald remarks made about your absence. It was all right.

Q. [Mr. Godwin] I know it; I got a report on it.

Q. [Mr. Young] The Boss made a couple himself, too, Earl. *(Laughter)*

THE PRESIDENT: No quarter, isn't that right?

Q. [Mr. Godwin] Do you remember Ham Lewis [Senator James Hamilton Lewis, of Illinois] said, "Mention me, kindly if you will, but mention me."

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THE PRESIDENT: Yes.

I think I am almost completely devoid of news.

Q. Any idea when you are coming back [from Hyde Park]?

THE PRESIDENT: Probably Sunday afternoon or Sunday night.

Q. The girls want to know if that is a new suit [that you are wearing] or not?

THE PRESIDENT: I think it is [examining inside coat pocket].

Q. Has that a date in it?

THE PRESIDENT: '36. (*Laughter*)

MR. DONALDSON: All in.

Q. I said it was at least a year old. (*Laughter*)

THE PRESIDENT: It is what you might call a perfect thirty-six. (*Laughter*) That ought to hold you.

I do not think I have anything this morning. We are going up tonight and coming back—going up on the night train and coming back Sunday afternoon or Sunday night, probably, subject to change.

Steve [Mr. Early] says the Secret Service does not want definite times of train departures or railroads put down ahead of time in the press, not tonight. I do not know how you are going to disguise that but—

Q. Past tense.

THE PRESIDENT: I do not think we have any particular news outside of that. As a matter of public information, vessels have sighted a submarine, nationality unknown but not American, off the southern boundary of Alaska, where it joins the Canadian territory, in what they call the Inside Passage. A submarine, nationality unknown, has also been seen off Boston, about sixty or seventy miles south of the tip end off Nova Scotia and about half way between there and Nantucket Shoals.

Q. Mr. President, what do you do with that information?

THE PRESIDENT: What?

Q. Is the Maritime Commission informed of all those?

THE PRESIDENT: Yes.

Q. Anyone else?

THE PRESIDENT: The Coast Guard, of course.

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Q. Was it sighted by American ships?

THE PRESIDENT: We never will disclose any of these sources for perfectly obvious reasons. However, they are perfectly reliable. May be anything.

Q. Is the Neutrality Patrol in that vicinity?

THE PRESIDENT: There is a patrol all the way from our northern border, roughly, down to and including the Caribbean and the Gulf of Mexico.

Q. We cannot hear back here.

THE PRESIDENT: I was asked whether this was in the neighborhood of the Neutrality Patrol. Well, it is a little difficult to say because we are maintaining a patrol all the way from Eastport, Maine, to and including the Caribbean and the Gulf.

Q. That is on the Atlantic side, but what about that submarine on the Pacific side?

THE PRESIDENT: There is no regular patrol over there, no.

Q. Were they within our territorial waters? (*Laughter*)

THE PRESIDENT: Well, you know my definition of them the other day. I guess that is good enough.

Q. Are our proper interests involved by these submarines—by observance of these submarines?

THE PRESIDENT: What kind of submarines are they?

Q. They are not American.

THE PRESIDENT: No. They might be Swiss. (*Laughter*) Don't get too nose-y.

Q. Mr. President, is it possible they might be Canadian submarines?

THE PRESIDENT: Might be Bolivian or Afghan. You will get it if you keep on. (*Laughter*)

Q. Mr. President, what reaction have you had thus far to your speech of yesterday?

THE PRESIDENT: I have not had anything except a large pile of telegrams. I think Steve [Mr. Early] has told you about them. I have only seen a number, a small number of them.

MR. EARLY: I have not seen the Press today, sir.

132. *Prayer for Peace*

THE PRESIDENT: I have no idea how many there are. I was simply told there are a large number. I have seen only forty or fifty myself; they have only sent the ones from governors or personal friends.

Q. The story from the Hill that we are getting, is that there is a large and increasing volume of telegrams and messages against your proposal. You are aware of that?

THE PRESIDENT: Oh, yes.

Q. How did yours run, do you know?

THE PRESIDENT: Do you know at all, Steve [Mr. Early]?

MR. EARLY: Yes, sir. I know from the tabulation kept by the telegraph office last night and up to ten o'clock this morning, they were pro, with the exception, I think, of, he said, eight to ten, and two of those were not in exact opposition. They told me that they began to come in spontaneously; they were enthusiastic and the volume was in excess of any received after any of your recent speeches.

Q. Did you get an idea as to how many there were?

MR. EARLY: I asked him, and they said they had not counted them.

MR. YOUNG: Thank you, Mr. President.

MR. GODWIN: Snappy work, Mr. Young, snappy work. (*Laughter*)

## 132 ¶ White House Statement on a Day of Prayer for Peace. September 29, 1939

IN THE LAST WEEK the White House has received many hundreds of telegrams from churchmen, clergy, and, in general, from the religious homes of America asking the President to proclaim and set aside a Day of Prayer.

The President asks the press to say in reply that he does not want to proclaim a Day of Prayer but that he hopes on this coming Sunday that the people of the United States will offer a prayer during the day for continued peace of the world. He would like the people throughout the country to join with him and his family in such a prayer.

133 ¶ The President Again Urges Peace in the Ranks of Labor. September 30, 1939

*My dear President Green:*

PLEASE EXTEND my warm personal greetings to the delegates to the Fifty-ninth Annual Convention of the American Federation of Labor and my regrets that I cannot avail myself of your kind invitation to attend because matters of national concern make it imperative that I be in Washington.

These are trying days for the world and the international situation also brings problems to all of us here in the United States. It brings problems to labor, as well as to bankers and industrialists and Government officials. When we see Europe in a war which may cost many lives and imperil civilization itself, we may well offer thanks to God for the peace we have on this continent. It is the duty of each of us to leave nothing undone to promote the continuation of that peace for us, our children and our children's children. Peace, like charity, begins at home.

Perhaps the highest service we Americans can render at this time is to demonstrate that our personal liberty, our democratic ways of life, our free representative Government, make it possible for us to disagree among ourselves over many things without bitterness and find quickly the means of settlement and adjustment of controversy when it has gone far enough. A world emergency such as the present gives us new realization of the blessings of democracy and liberty. In the presence of these blessings and in the face of this world necessity we must adjourn our small grudges, our differences, and find the way to peace and good will within our borders in every department of life. So we become a free and fearless nation with people of all shades of opinion and walks of life, united in common purpose to maintain and to practice and to protect this American way of life.

Labor's development of status in our economic and industrial life by free-trade-unionism and sound constructive relations with employers is one of the items we want to maintain. There never

has been a time when there were so many negotiated working agreements between organized labor and employers. There never has been a time when the rights of labor and the minimum necessities of working conditions were so well protected by statute. The American people generally have nothing but good will toward labor and in the democratic process of legislation by elected representatives have participated to achieve this standard.

If we desire peace and good will in the world we must learn to practice these in the small and large things of our own life. The continued conflict and separation in the labor movement can hardly be overlooked, in these days, when discord in any group is so harmful to world peace. The joint committee which was appointed by your body and by your separated brothers in the Congress of Industrial Organizations has, I know, done faithful and effective service to promote reunion and negotiate a practical and sound peace in the labor movement. I take this occasion to thank the members of that committee and the two organizations, which they represent, for the intelligent and persistent efforts toward peace and to congratulate them upon the substantial progress made. This must be continued until a sound negotiated basis of peace between the labor groups is reached and agreed upon. If it is hard to continue it is all the more a challenge to the members and leaders of these labor bodies—to their capacity to serve the workers of America—to their capacity to put aside pride and self-advantage in patriotic service for national unity in this time of trouble and distress.

I have faith in the capacity and intention of rank and file wage earners and of labor leaders in both camps to do this and to make a peace which will make it possible for labor to play its full and generous part, along with other groups and interests, in solving our pressing national problems in this time of stress and emergency.

And so I ask you, as I shall ask the Congress of Industrial Organizations in its convention a little later, to continue wholeheartedly and generously the search for an accord. The men and women working daily in the mills, mines, factories and

134. *Tribute to Cardinal Mundelein*

stores, and in the transports, want this accord. The American people want it and will hold in honor those whose insight, courage and unselfishness can effect it.

I hope that you will let me hear from you that the progress already made will be continued, and that your committee is prepared to renew the negotiations and continue them until a settlement is reached.

In closing let me say that I appreciate all the help and friendship which the membership of the Unions of the American Federation of Labor have given to me. I return your friendship and thank you for your help.

Very sincerely yours,

Honorable William Green,  
President, American Federation of Labor,  
Netherland-Plaza Hotel,  
Cincinnati, Ohio.

(This letter was read to the Convention in Cincinnati, Ohio, October 3, 1939. A practically identical letter was sent to Mr. John L. Lewis dated October 6, 1939, and was read by him to the Convention of the Congress of Industrial Organizations in San Francisco, Calif., on October 11, 1939. For other attempts to secure a peaceful settlement of the dispute between the C.I.O. and the A.F. of L., see Items 36 and 41, this volume, and Item 15, pages 80-81, 1940 volume.)

134 ¶ A Tribute on the Death of Cardinal Mundelein. October 2, 1939

*Most Reverend Bernard J. Sheil,  
Chicago,  
Illinois*

A CAREER of great goodness and usefulness has been brought to an untimely close with the passing of Cardinal Mundelein. He served his day and generation with unflinching fidelity to the highest principles of Christianity. As a citizen who gloried in our

135. *Education for American Frame of Life*

American democracy he was the advocate and exemplar of justice and righteousness whether in the relation of the individual to the state or in the field of international affairs. His influence was always potent for peace. My personal acquaintance with Cardinal Mundelein began when he was Bishop of Brooklyn and I mourn the loss of a true friend, a close friend for many years.

135 ¶ A Statement on Education for the American Frame of Life. October 2, 1939

*To the patrons, students, and teachers of American schools:*

LET us take note, as we again observe American Education Week throughout our Nation, that education in our democracy teaches the practice of reason in human affairs.

I refer not only to education that may come from books. I include education in fair play on the athletic field and on the debating platform; I include education for tolerance through participation in full, free discussion in the classroom. Practice in the scientific method by our young people may be more important than learning the facts of science. From kindergarten through college our schools train us to use the machinery of reason; parliamentary practice; the techniques of cooperation; how to accept with good grace the will of a majority; how to defend by logic and facts our deep convictions. This is education for the American way of life.

Our schools also bring us face to face with men and women with whom we shall share life's struggles. In their lives and ours, struggle will never be absent; the struggle of every individual against the stream of life; the struggle and competition among individuals, groups, institutions, States, and Nations. To the resolution of conflicts and struggles of life, democracy supplies no easy answer. The easy answer, the quick but incomplete answer, is force; tanks and torpedoes, guns and bombs. Democracy

### 136. *Threatened Sinking of S.S. "Iroquois"*

calls instead for the application of the rule of reason to solve conflicts. It calls for fair play in canvassing facts, for discussion, and for calm and orderly handling of difficult problems. These vital skills we Americans must acquire in our schools.

In our schools our coming generations must learn the most difficult art in the world—the successful management of democracy. Let us think of our schools during this American Education Week not only as buildings of stone and wood and steel; not only as places to learn how to use hand and brain; but as training centers in the use and application of the rule of reason in the affairs of men. And let us hope that out of our schools may come a generation which can persuade a bleeding world to supplant force with reason.

### 136 ¶ White House Statement on the Threatened Sinking of the S.S. "Iroquois."

October 5, 1939

AFTER THOROUGH discussion at the meeting of the Cabinet, and because it is felt that there is no reason for withholding the following facts from the public, this information is given out:

Yesterday the head of the German Navy, Grand Admiral Raeder, officially informed the American Government, through the United States Naval Attaché in Berlin, that according to information on which he relied, an American ship, the *Iroquois*, is to be sunk when it nears our American east coast. The sinking of the *Iroquois*, Admiral Raeder said, would be accomplished through a repetition of circumstances which marked the loss of the steamship *Athenia*.

The S.S. *Iroquois*, formerly in our coastwise trade, was chartered by the Maritime Commission recently to go to Ireland to bring back Americans who had been caught in Europe at the outbreak of the war. The *Iroquois* sailed from Ireland on October second with a full list of American passengers.

137. *Mobilization for Human Needs*

This was the chief tenor of the official note sent to us by the head of the German Navy.

As a purely precautionary measure, a Coast Guard vessel and several Navy ships from the patrol will meet the *Iroquois* at sea and will accompany her to an American port. Furthermore, the Captain of the *Iroquois* has been informed of this official note from the German Admiralty and has been asked to make careful search for any possible explosives on board his ship.

The whole of this information has also been conveyed to the British and French Admiralties.

137 ¶ “Keep the Lamp of Hope Burning in Our More Humble Homes.” Radio Address on Behalf of the Mobilization for Human Needs.

White House, Washington, D.C.

October 9, 1939

*Chairman Taft, Community Chest Workers, friends of human needs:*

TONIGHT my appeal is to the compassionate heart of the American people.

As we look out upon a world, unhappily torn by war with all of its attendant horrors of death and destruction, we must remember that no matter how broad our sympathies, our charity begins at home. I like the ringing challenge in that militant designation: Mobilization for Human Needs. It is a call for each and every one of us to enlist in the nationwide campaign to extend a helping hand to all suffering privation or want within our borders.

We must work, each of us in his own neighborhood, to support the local community chests.

These community chests, with their special responsibility to bring cheer and comfort to individuals and families who have been made desolate by want and poverty, constitute, in a very

special way, our home front—and our home front must be defended at all hazards. Let us, as we sit in our homes tonight, give thought to some of our less fortunate fellow Americans who live in homes less cheerful than ours, homes often on the border line of poverty, misery and privation. And let us not forget that it is just as important to keep the lamp of hope burning in our more humble homes as it is to maintain the elaborate establishments in which abundance and even luxury are the rule.

It is the survival of the old spirit that the home must be guaranteed. For the family still remains the basis of society as we know it, and it must be preserved as an institution if our democracy is to be perpetuated. If we lose the home we are in grave risk of undermining all those other elements of stability and strength which contribute to the well-being of our national life.

Best of all, our work as good neighbors through our community chests does not overlap either Federal or local Government relief work. It is well for us all to keep in mind and to emphasize again and again that the proper function of the Community Chest is to extend local or community relief.

Under the Federal Security Agency, which was set up only a few months ago, certain services have been organized for certain needs of the men, women and children of the United States. There is also provision for work relief through the Work Projects Administration, familiar to all of us as the W.P.A.

This is not the time nor the place to go into details concerning the functions of these various Federal agencies. I have referred to them because we must bear in mind constantly that the Mobilization for Human Needs, which we are starting in all parts of the country, has a separate and distinct field of service.

I desire, therefore, once more to repeat that direct relief and work relief are separate and distinct means of attacking separate and distinct problems. Direct relief is aimed at many problems of human misfortune—in short, the adjustment of maladjusted families, the tiding over of temporary crises in family life and the support of character building organizations. That is the mis-

138. *Address to Convention of Postmasters*

sion of the Community Chest. On the other hand, work relief, as authorized by the Congress, attacks the problem of getting jobs for able-bodied persons who can give useful work in return for what they receive. It is aimed at the adjustment of maladjusted society.

I am reiterating all this because to my mind we must let nothing obscure our vision of the field which is the natural sphere of the community chests. To repeat, the community chests are a vital sector in our home front. And I am sure the Mobilization for Human Needs accepts for every community the national policy of relief as outlined by the Congress while devoting all of its energies to the local problems which are its primary responsibility.

The challenge is to relieve individual distress no matter where it is found. One hundred per cent support of the community chest will greatly diminish want and suffering in every community in the land. To bring about that happy consummation, I appeal to the heart and the soul, I appeal to the conscience and I appeal to every generous impulse of the American people.

138 ¶ *Address to Convention of Postmasters  
from All Parts of the United States. Washing-  
ton, D.C. October 11, 1939*

*Mr. Postmaster General, Postmasters, Postmistresses and Friends of the  
Postal Service:*

It is a privilege and a pleasure to greet you at the White House this afternoon.

To you, and through you, to all the postmasters of the Nation I want to express my heartfelt appreciation of all that you and they are doing to maintain our great postal system as the efficient institution that it has become under the able direction of our Postmaster General, your friend and mine. Today we may

*138. Address to Convention of Postmasters*

all share in the pride which by every right and token ought to thrill Jim Farley's kindly heart. He is doing a grand job and each one of you is contributing to it.

I am glad you are here in such goodly numbers because you represent, literally, the Nation's biggest business. The vast extent of the enterprise of which you are a part can best be measured if we pause to sum up the work.

The collection and dispatch of letters is only one aspect of your work. Our postal service, be it remembered, also comprises our largest savings bank, our largest express business, our largest system for the transmission of money, as well as the largest agency available to the people for the investment of their savings in government bonds.

The temptation would be strong, if I had the time, to examine the fascinating and romantic story of the postal service; not only the background of its marvelous development in our own country but its first beginnings back in the dawn of man's history.

We do not know when the first postal service came into being, but we do know that some twenty-five centuries ago Herodotus stated an ideal which is still exemplified by Jim Farley's cohorts, it was: "Neither snow, nor rain, nor heat, nor gloom of night stays these couriers from the swift completion of their appointed rounds."

It matters not what the means of transportation of the mails may be—whether the mules and camels of the Old Testament which Job said made his days "swifter than a post"—or those modern annihilators of distance, the train, the automobile and the airplane.

The mission of the postal service was admirably stated many years ago when two famous educators collaborated in interpreting the work which you are doing. Because I think all of you will carry home a clearer conception of your duties as postmasters if you accept their interpretation, I give you the words of Charles W. Eliot who was President of Harvard and President Woodrow Wilson, who had been President of Princeton, which

139. *Exchange of Messages with President of Russia*

you will find inscribed on the facade of our own central Post Office here in Washington:

One said, "Messenger of sympathy and love — servant of parted friends — consoler of the lonely — bond of the scattered family — enlarger of the common life."

The other said, "Carrier of news and knowledge — instrument of trade and industry — promoter of mutual acquaintance, of peace and good will among men and nations."

And so, my friends, let me say that I am very happy to see all of you here today and to have this opportunity to say hello, even though I cannot have the privilege or the time to shake you all by the hand. I hope your stay in Washington is a pleasant one and that you will carry back home bright memories of this successful convention which has brought you here.

139 ¶ Exchange of Messages with President  
Kalinin of Russia. October 11, 1939, and  
October 16, 1939

*Message of the President.*

THE PRESIDENT of the United States sends his greetings to President Kalinin with the following personal message:

While the United States is taking no part in existing controversies in Europe, the President wishes to call attention to the long-standing and deep friendship which exists between the United States and Finland. He feels that he can call this to the attention of President Kalinin because of their joint efforts a number of years ago which resulted in the resumption of friendly relations between the Soviet Union and the United States.

Such being the case the President expresses the earnest hope that the Soviet Union will make no demands on Finland which are inconsistent with the maintenance and development of ami-

*139. Exchange of Messages with President of Russia*

cable and peaceful relations between the two countries, and the independence of each.

The President feels sure that President Kalinin and the Government of the Soviet Union will understand the friendly spirit in which this message is sent, and extends to President Kalinin an expression of his highest consideration.

FRANKLIN D. ROOSEVELT.

*Reply of M. Kalinin.*

MR. PRESIDENT: I thank you for your greetings and for the friendly sentiments expressed in your message transmitted to me on October 12th.

I consider it appropriate to remind you, Mr. President, that the state independence of the Finnish Republic was recognized by the free will of the Soviet Government on December 31, 1916, and that the sovereignty of Finland was guaranteed to it by the Peace Treaty of October 14, 1920, between the Russian Socialist Federated Soviet Republic and Finland. By the above-mentioned acts of the Soviet Government the basic principles of the reciprocal relations between the Soviet Union and Finland were defined. The present negotiations between the Soviet Government and the Government of Finland are also being conducted in conformity with these principles. Despite the tendentious versions which are being disseminated by circles evidently not interested in European peace, the sole aim of the negotiations referred to above is the consolidation of the reciprocal relations between the Soviet Union and Finland and a strengthening of friendly cooperation between both countries in the cause of guaranteeing the security of the Soviet Union and Finland. I beg you, Mr. President, to accept the expression of my deep respect.

M. KALININ

## 140 ¶ The President Asks for Cooperation and Coordination of War Relief Agencies.

October 12, 1939

THE CONGRESS has provided in the Act with regard to neutrality that, subject to such rules and regulations as the President shall prescribe, funds may be solicited in this country to be used for medical aid and assistance and for food and clothing to relieve human suffering resulting from war. With a view to safeguarding the public and national interests the Secretary of State, acting in my behalf, has issued appropriate regulations to which all persons or agencies raising funds for relief, except the American Red Cross, shall be subject.

While we, as a Nation, are neutral in the present tragic war in Europe, I am sure we cannot be indifferent to the suffering inflicted upon the peoples of the war-torn countries, particularly upon the helpless women and children. It is traditional that the American people should wish, after providing in full measure for the support of our necessary charitable endeavors at home, to extend material aid to the helpless victims of war abroad.

In disasters at home or great emergencies abroad we naturally turn to the American Red Cross, which has been chartered by Congress as our national relief agency and which represents all of our people, both in war and in peace. We know from its remarkable record of service to humanity both at home and abroad that we can rely upon it to do its part as promptly and efficiently as conditions and its resources make possible.

Through its relationship to the International Red Cross and the League of Red Cross Societies, the American Red Cross has developed procedures of cooperation in the field of foreign relief. Since the beginning of the present European war it has been answering the most urgent appeals for aid, meeting the costs from contributions and its normal funds. It is now consulting with other Red Cross bodies and investigating as to how best to

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deal with some of the practical difficulties in order to formulate a coordinated program and thus to meet our share of relief as the needs develop.

With the continuance of war, human suffering will become more appalling and there will no doubt be need for relief work in addition to that which comes within the scope of Red Cross policy and responsibility. Groups desiring to carry on various kinds of relief work have in fact registered with the Secretary of State as required by regulations issued pursuant to the Neutrality Act. It is my hope that in their activities these groups will supplement and not conflict with the work of agencies already established and that there will be a complete coordination of effort of all voluntary relief in order to prevent duplication and confusion, avoid waste and promote the utmost efficiency.

141 ¶ The Five Hundred and Eighty-eighth  
Press Conference. October 13, 1939

*(Message to President of Russia regarding Finnish situation—Intergovernmental Committee on refugees—Foreign submarines in American waters—Use of gold in Latin America.)*

Q. According to dispatches from Berlin, Hitler expects you to settle the European hash. Anything to say about that?

THE PRESIDENT: No.

Q. Are you going to make any move?

THE PRESIDENT: Nothing to say on it, Constantine [Mr. Brown].

Q. Any news from Russia in reply to the representations?

THE PRESIDENT: Not yet. That is why, at this particular time, I am not giving out the actual text. I can tell you—what shall I say?—the chronology of it. On Monday of this week we all began to worry about the situation in the Baltic because it looked as if it might be heading towards an extension of wars.

On Tuesday several representatives of Scandinavian Na-

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tions, as you know, saw the Secretary of State and some of them came in to tell me that they also were very much concerned. There was, at no time, any suggestion of joint action on our part with them. That was Tuesday.

Wednesday—I drafted Wednesday morning a personal message to President Kalinin. I waited until the Secretary of State got back Wednesday afternoon, around two o'clock; and we edited it a little. It still remained a purely personal message from me to President Kalinin, a message which, as the State Department said yesterday, expressed the hope that nothing would be done which would disturb the peaceful relations in the Baltic or the independence of Finland. That was sent off on Wednesday afternoon. Of course, obviously, since it was intended merely as an expression of our interest and hope, it was not given to the Press. I know you, all of you, ninety-nine per cent of you, will understand why—because the action had not been completed.

It was not until Thursday, yesterday, that the message was actually delivered. I am not making the text of it public at this time, because I do not want to do anything that would let it be assumed or construed as being, in any way, a pressure move on our part. That is the easiest way of putting it. Now you have the gist of the message, and pretty soon you will probably have the text of the message.

Q. Mr. President, this message does entail an answer, sir, does it not?

THE PRESIDENT: Oh, there will undoubtedly be an acknowledgment, at least.

Q. Mr. President, are you to receive the delegates or the officers of the Intergovernmental Committee on refugees next week?

THE PRESIDENT: Yes. They are coming in on the seventeenth, Tuesday.

Q. That is a change of date?

THE PRESIDENT: Yes, because one of them does not get in until Monday, Monday afternoon. I am having them to lunch at

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the White House on Tuesday. That might be called the opening meeting—the lunch will be—and then, at the end of the lunch, I shall probably read them a little something, a message of some kind that you will have copies of. Then, after the lunch, they will go over to the State Department and go into session.

Q. Getting back to this message, Ambassador Steinhardt was with Molotoff [Foreign Commissar V. M. Molotoff of Moscow] for over an hour. Anything additional to add?

THE PRESIDENT: No.

Q. Just presentation of the message?

THE PRESIDENT: Yes.

Q. Do you have anything on reports that Italian tankers are fueling German submarines off the coast?

THE PRESIDENT: There is no news on that; and I suppose that is a very good example of our real, honest efforts to tell the Press everything that we can, properly. Necessarily—and again I know that ninety-nine per cent of you will understand it—it means that we are not giving to the Press unverified rumors.

There are all kinds of rumors that come in off our coasts and from the West Indies and Central and South America every day; and we do not give them out unless we believe that they have been fully verified.

There was a rumor on this Italian tanker thing, the story I read this morning. It is not in verifiable form; and therefore I have said nothing about it, and I cannot say anything about it. It is a very good illustration. The stories that we have given out about the non-American submarines and other ships are stories that we believe to have been fully verified. A great many of them come up. A fisherman comes in and says, "I saw a submarine." Well, we do not give that out as a fact. I am trying to confine our statements to things we really, honestly know about.

Q. We have a story from two sources which I would like to ask if it has come to your attention. Two Members of Congress,

142. *National Power Policy Committee*

Joe Starnes and somebody else, said this morning that six submarines were operating in the Caribbean. Now, have you heard that one? Has it come to you in any shape or form?

THE PRESIDENT: Not in any shape, manner or form.

Q. When we saw you last on Tuesday, you had no word in direct manner or form from Berlin. Is that still true?

THE PRESIDENT: Yes, that is true. . . .

Q. Mr. President, yesterday Senator La Follette suggested that we use part of our supply of idle gold, not only to make direct investments in Latin America but also to provide local credit facilities through stabilization of their banking systems. Can you comment on that suggestion?

THE PRESIDENT: Well, it is a matter which has been under study for three years, and is definitely not only under continued study, but, in the case of one or two countries, it has almost reached a negotiation stage. I cannot say anything more because it has not actually reached the negotiation stage.

(See Item 139, this volume, for message to Russia regarding Finnish situation; see Item 143, this volume, for address at meeting of Intergovernmental Committee on refugees; for submarines in American waters, see also Items 131 and 144, this volume.)

142 ¶ The National Defense Power Committee  
and the National Power Policy Committee Are  
Merged. October 13, 1939

*My dear Mr. Secretary:*

I FIND that the National Defense Power Committee of which you are chairman and the National Power Policy Committee of which Secretary Ickes is chairman are made up of representatives of virtually the same departments and agencies, and that their work is closely related and in many respects overlapping. I have therefore concluded that it would be wise to consolidate the two committees, and I am hereby transferring the work of

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the National Defense Power Committee to the National Power Policy Committee, which shall be constituted as follows:

Harold L. Ickes, Secretary of the Interior, *Chairman*.

Louis Johnson, Assistant Secretary of War.

Leland Olds, Commissioner, Federal Power Commission.

Jerome N. Frank, Chairman, Securities and Exchange Commission.

John Carmody, Administrator, Federal Works Agency.

Harry Slattery, Administrator, Rural Electrification Administration.

David E. Lilienthal, Director, Tennessee Valley Authority.

Paul J. Raver, Administrator, The Bonneville Project.

In order that electric power policies be integrated with the longer-range and more comprehensive programs of the National Resources Planning Board, I am asking Mr. Frederic A. Delano to sit with the Committee as an observer, and I propose to refer the reports of the Committee to the Board to be examined with this end in view.

All personnel, allotments and funds now available for the work of the National Defense Power Committee and the National Power Policy Committee, as well as all files and records connected with such work, shall be made available to the National Power Policy Committee as above constituted.

It shall maintain such staff as may be necessary to carry out the duties devolving on it, but shall avail itself so far as feasible of the service of other departments and agencies of the United States Government for assistance in the performance of its duties, including the preparation of data, surveys, and studies pertaining to questions of electric power supply, transmission, distribution and consumption.

The National Power Policy Committee shall devote itself to the development of a national power policy in the interest of national defense as well as peace time needs. It shall consider power problems common to the several departments and agencies represented on the Committee, with a view to the coordinated development of a consistent Federal power policy. It shall deal

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with matters of cooperation between the public and private agencies supplying electric power. It shall advise me in matters of national power policy.

The National Defense Power Committee has completed the major part of its work of estimating the probable power needs of the nation in peace and in war. The National Power Policy Committee should be in a position, therefore, to give its first attention to the immediate concrete steps necessary to assure the meeting of these needs.

Very sincerely yours,

Honorable Louis Johnson,  
Assistant Secretary of War.

(For the establishment and purposes of the National Power Policy Committee, see Item 126, 1934 volume; for the establishment and purposes of the National Defense Power Committee, see Item 114, 1938 volume.)

143 ¶ Address at the Meeting of the Officers of  
the Intergovernmental Committee on Political  
Refugees. October 17, 1939

I AM GLAD to welcome at the White House, Lord Winterton, the Chairman; Sir Herbert Emerson, the Director; Mr. Myron Taylor, the Vice-Chairman of the Intergovernmental Committee representing the United States of America, the heads of missions of the Argentine Republic, Brazil, France and the Netherlands; and Mr. James G. McDonald, the Chairman of my Advisory Committee on Political Refugees.

I extend through you to the thirty-two Governments participating in the Intergovernmental Committee and to the private refugee organizations my appreciation for the assistance which has been given to refugees in the period since the meeting at Evian. I hope the work will be carried on with redoubled vigor, and with more positive results.

*143. Intergovernmental Committee on Refugees*

In March, 1938, it became clear to the world that a point had been reached where private agencies alone could no longer deal with the masses of unfortunate people who had been driven from their homes. These men, women and children were beating at the gate of any nation which seemed to offer them a haven.

Most of these fellow human beings belonged to the Jewish Race, though many thousands of them belonged to other races and other creeds. The flight from their countries of origin meant chaos for them and great difficulties for other nations which for other reasons—chiefly economic—had erected barriers against immigration. Many portions of the world which in earlier years provided areas for immigration had found it necessary to close their doors.

Therefore, a year and a half ago I took the initiative by asking thirty-two governments to cooperate with the Government of the United States in seeking a long range solution of the refugee problem. Because the United States through more than three centuries has been built in great measure by people whose dreams in other lands had been thwarted, it seemed appropriate for us to make possible the meeting at Evian, which was attended by Mr. Myron C. Taylor as my personal representative.

That meeting made permanent the present Intergovernmental Committee, and since that time this Intergovernmental Committee has greatly helped in the settling of many refugees, in providing temporary refuge for thousands of others and in making important studies toward opening up new places of final settlement in many parts of the world.

I am glad to be able to announce today that active steps have been taken to begin actual settlement, made possible by the generous attitude of the Dominican Government and the Government of the Philippine Commonwealth. This is, I hope, the forerunner of many other similar projects in other nations.

Furthermore, I am glad to note the establishment of a distinguished Anglo-American group of the Coordinating Founda-

tion, which with the help of your Committee will investigate the suitability of other places of settlement for immigrants.

Things were going well, although I must confess slowly, up to the outbreak of the war in Europe. Today we must recognize that the regular and planned course of refugee work has been of necessity seriously interrupted.

The war means two things.

First, the current work must not be abandoned. It must be redirected. We have with us the problem of helping those individuals and families who are at this moment in countries of refuge and who for the sake of the world and themselves can best be placed in permanent domiciles during the actual course of the war without confusing their lot with the lot of those who in increasing numbers will suffer as a result of the war itself.

That I may call the short-range program, and it presents a problem of comparatively small magnitude. In a moment you will see why I say, "comparatively small magnitude." At this moment there are probably not more than two or three hundred thousand refugees who are in dire need and who must as quickly as possible be given opportunity to settle in other countries where they can make permanent homes.

This is by no means an insoluble task, but it means hard work for all of us from now on—and not only hard work but a conscientious effort to clear the decks of an old problem—an existing problem, before the world as a whole is confronted with the new problem involving infinitely more human beings, which will confront us when the present war is over. This last is not a cheerful prospect, but it will be the almost inevitable result of present conflicts.

That is why I specifically urge that this Intergovernmental Committee redouble its efforts. I realize, of course, that Great Britain and France, engaged as they are in a major war, can be asked by those nations which are neutral to do little more than to give a continuance of their sympathy and interest in these days which are so difficult for them. That means that upon the

neutral nations there lies an obligation to humanity to carry on the work.

I have suggested that the current task is small in comparison with the future task. The war will come to an end some day; and those of us who are realists know that in its wake the world will face a refugee problem of different character and of infinitely greater magnitude.

Nearly every great war leaves behind it vast numbers of human beings whose roots have been literally torn up. Inevitably there are great numbers of individuals who have lost all family ties—individuals who find no home to return to, no occupation to resume—individuals who for many different reasons must seek to rebuild their lives under new environments.

Every war leaves behind it tens of thousands of families who for very many different reasons are compelled to start life anew in other lands.

Economic considerations may affect thousands of families and individuals.

All we can do is to estimate on the reasonable doctrine of chances, that when this ghastly war ends there may be not one million but ten million or twenty million men, women and children belonging to many races and many religions, living in many countries and possibly on several continents, who will enter into the wide picture—the problem of the human refugee.

I ask, therefore, that as the second great task that lies before this Committee, it start at this time a serious and probably a fairly expansive effort to survey and study definitely and scientifically this geographical and economic problem of resettling several million people in new areas of the earth's surface.

We have been working, up to now, on too small a scale, and we have failed to apply modern engineering to our task. We know already that there are many comparatively vacant spaces on the earth's surface where from the point of view of climate and natural resources European settlers can live permanently.

Some of these lands have no means of access; some of them require irrigation; most of them require soil and health surveys;

all of them present in the process of settlement, economic problems which must be tied in with the economy of existing settled areas.

The possible field of new settlements covers many portions of the African, American and Australasian portions of the globe. It covers millions of square miles situated in comparatively young republics and in colonial possessions or dominions of older nations.

Most of these territories which are inherently susceptible of colonization by those who perforce seek new homes, cannot be developed without at least two or three years of engineering and economic studies. It is neither wise nor fair to send any colonists to them until the engineering and economic surveys have resulted in practical and definite plans.

We hope and we trust that existing wars will terminate quickly; and if that is our hope there is all the more reason for all of us to make ready, beginning today, for the solution of the problem of the refugee. The quicker we begin the undertaking and the quicker we bring it to a reasonable decision, the quicker will we be able to say that we can contribute something to the establishment of world peace.

Gentlemen, that is a challenge to the Intergovernmental Committee. It is a duty because of the pressure of need. It is an opportunity because it gives a chance to take part in the building of new communities for those who need them. Out of the dregs of present disaster we can distill some real achievements in human progress.

This problem involves no one race group—no one religious faith. It is the problem of all groups and all faiths. It is not enough to indulge in horrified humanitarianism, empty resolutions, golden rhetoric and pious words. We must face it actively if the democratic principle based on respect and human dignity is to survive, and if world order, which rests on security of the individual, is to be restored.

Remembering the words written on the Statue of Liberty, let us lift a lamp beside new golden doors and built new refuges for

### 143. *Intergovernmental Committee on Refugees*

the tired, for the poor, for the huddled masses yearning to be free.

*NOTE:* Since 1933, approximately 250,000 refugees from Germany have found permanent homes in the United States, Palestine, Australia, Argentina, Brazil, and some South American countries. With the outbreak of the war in Europe, the problem of finding new homes for the German refugees was made more complex. The British and the French Governments naturally opposed any further efforts to facilitate emigration from Germany, lest it mean the establishment of German fifth-columnists within the country of settlement. In addition, the German Government abandoned the proposals it had advanced in the Rublee plan (see Item 38, 1938 volume, and Item 84, this volume), and refused to permit the emigration of able-bodied men of war age.

However, I felt that the work of the Committee should not be terminated, but should be redirected to cover not only the short-range problem of resettling those refugees who had not yet established permanent domiciles, but also the long-range post-war problem of dealing with the wreckage of families and homes.

Sir Herbert Emerson, the Director of the Intergovernmental Committee, reported to the Washington meeting that the Committee should continue to support refugees in countries of temporary refuge, and

make plans for re-emigration. The Director further reported that the Dominican Republic was prepared to receive 500 agricultural, professional and industrial families and a number of children between the ages of thirteen and fifteen. Further investigations were reported in regard to immigration possibilities in the Philippine Islands, Ecuador, Paraguay, Bolivia, Chile and New Caledonia.

The financial burden of emigration has been borne by a contribution of 4 million pounds by the British Government, and the maintenance and training of refugees prior to re-emigration, particularly by the Dutch and Belgian governments. Apart from this assistance, refugees have been forced to depend on charitable funds from private sources. The war dried up a number of the sources of private assistance, particularly in belligerent countries where all charitable funds were naturally devoted to activities directly connected with the prosecution of the war.

The Intergovernmental Committee concluded that efforts should be made to expedite resettlement, that support be given to existing projects for resettlement, and that every encouragement be given to the Coordinating Foundation headed by Mr. Paul van Zeeland. The Coordinating Foundation had originally been formed among pri-

#### 144. *Use of Territorial Waters by American Submarines*

vate individuals for the purpose of contacting the German Government and financing the emigration of refugees, but since the war its activities had been in abeyance.

The most heartening single development since the adjournment of the Washington meeting was the conclusion of a formal refugee agreement with the Dominican Republic. A group of individuals representing the Intergovernmental Committee, the Department of State, the Coordinating Foundation, and private parties organized the Dominican Republic Settlement Association, and on January 30, 1940, signed an agreement defining the terms on which settlers could be established on land do-

nated in the northern part of the Dominican Republic. Five hundred carefully selected families had been settled in this area at the close of the first year of the operation of the agreement, under guarantees of economic, religious and political freedom. Further plans have been laid for the settlement of 100,000 individuals.

Reports from the Dominican Republic indicate that despite the differences in climate and type of work which the refugees face, the settlement has fulfilled expectations. This constitutes a constructive step toward the solution of what will be one of the greatest problems the world will face after the conclusion of the war.

### 144 ¶ The Use of Territorial Waters of the United States by Foreign Submarines Is Restricted. Proclamation No. 2371.

October 18, 1939

WHEREAS section 8 of the Joint Resolution approved August 31, 1935, as amended by the Joint Resolution approved May 1, 1937 (50 Stat. 127; U.S.C., Sup. IV, title 22, sec. 245e), provides:

"Whenever, during any war in which the United States is neutral, the President shall find that special restrictions placed on the use of the ports and territorial waters of the United States by the submarines or armed merchant vessels of a foreign state, will serve to maintain peace between the United States and foreign states, or to protect the commercial interests of the United States and its citizens, or to promote the security of the United States, and shall make proclamation thereof, it shall thereafter be

144. *Use of Territorial Waters by American Submarines*

unlawful for any such submarine or armed merchant vessel to enter a port or the territorial waters of the United States or to depart therefrom, except under such conditions and subject to such limitations as the President may prescribe. Whenever, in his judgment, the conditions which have caused him to issue his proclamation have ceased to exist, he shall revoke his proclamation and the provisions of this section shall thereupon cease to apply."

WHEREAS there exists a state of war between Germany and France; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa.

WHEREAS the United States of America is neutral in such war;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision of Section 8 of the Joint Resolution approved August 31, 1935, as amended by the Joint Resolution approved May 1, 1937, do by this proclamation find that special restrictions placed on the use of the ports and territorial waters of the United States, exclusive of the Canal Zone, by the submarines of a foreign belligerent state, both commercial submarines and submarines which are ships of war, will serve to maintain peace between the United States and foreign states, to protect the commercial interests of the United States and its citizens, and to promote the security of the United States;

AND I do further declare and proclaim that it shall hereafter be unlawful for any submarine of France; Germany; Poland; or the United Kingdom, India, Australia, Canada, New Zealand, or the Union of South Africa, to enter ports or territorial waters of the United States, exclusive of the Canal Zone, except submarines of the said belligerent states which are forced into such ports or territorial waters of the United States by *force majeure*; and in such cases of *force majeure*, only when such submarines enter ports or territorial waters of the United States while running on the surface with conning tower and superstructure above water and flying the flags of the foreign belligerent states of which they are vessels. Such submarines may depart from

145. *Address to "Herald Tribune" Forum*

ports or territorial waters of the United States only while running on the surface with conning tower and superstructure above water and flying the flags of the foreign belligerent states of which they are vessels.

AND I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said joint resolution, and this my proclamation issued thereunder, and in bringing to trial and punishment any offenders against the same.

This proclamation shall continue in full force and effect unless and until modified, revoked or otherwise terminated pursuant to law.

145 ¶ Radio Address to the New York "Herald Tribune" Forum. October 26, 1939

*Mrs. Reid, Ladies and Gentlemen of the "Herald Tribune" Forum:*

I AM GLAD to say a word in this forum because I heartily approve the forum idea. After all, two eighteenth century forums in Philadelphia gave us the Declaration of Independence and the Constitution of the United States.

It is the magic of radio that has so greatly increased the usefulness of the forum. Radio listeners have learned to discriminate over the air between the honest advocate who relies on truth and logic and the more dramatic speaker who is clever in appealing to the passions and prejudices of his listeners.

We have had an example of objective reporting during recent weeks in the presentation of international subjects, both in the press and radio. Right here I should like to throw bouquets to the majority of the press and the radio. Through a period of grave anxiety, both have tried to discriminate between fact and propaganda and unfounded rumor, and to give to their readers and listeners an unbiased and factual chronicle of developments. This has worked so well in international reporting that one

may be pardoned for wishing for more of it in the field of domestic news. It is a good rule. If it is a good rule in one, why is it not a good rule in the other?

From the end of the World War twenty-one years ago, this country, like many others, went through a phase of having large groups of people carried away by some emotion—some alluring, attractive, even speciously inspiring, public presentation of a nostrum, a cure-all. Many Americans lost their heads because several plausible fellows lost theirs in expounding schemes to end barbarity, to give weekly handouts to people, to give everybody a better job—or, more modestly, for example, to put a chicken or two in every pot—all by adoption of some new financial plan or some new social system. And all of them burst like bubbles.

Some proponents of nostrums were honest and sincere, others—too many of them—were seekers of personal power; still others saw a chance to get rich on the dimes and quarters of the poorer people in our population. All of them, perhaps unconsciously, were capitalizing on the fact that the democratic form of Government works slowly. There always exists in a democratic society a large group which, quite naturally, champs at the bit over the slowness of democracy; and that is why it is right for us who believe in democracy to keep the democratic processes progressive—in other words, moving forward with the advances in civilization. That is why it is dangerous for democracy to stop moving forward because any period of stagnation increases the numbers of those who demand action and action now.

There are, therefore, two distinct dangers to democracy. There is the peril from those who seek the fulfillment of fine ideals at a pace that is too fast for the machinery of the modern body politic to function—people who by insistence on too great speed foster an oligarchic form of Government such as Communism, or Naziism or Fascism.

The other group which presents an equal danger, is composed of that small minority which complains that the demo-

cratic processes are inefficient as well as being too slow, people who would have the whole of Government put into the hands of a little group of those who have proved their efficiency in lines of specialized science or specialized private business, but who do not see the picture as a whole. They equally, and in most cases unconsciously too, are in effect advocating the oligarchic form of Government — Communism, or Naziism or Fascism.

Extreme Rightists and extreme Leftists ought not to be taken out by us and shot against the wall, for they sharpen the argument, and make us realize the value of the democratic middle course — especially if that middle course, in order to keep up with the times, is, and I quote what I have said before, "just a little bit left of center."

I am reminded of four definitions:

A Radical is a man with both feet firmly planted — in the air.

A Conservative is a man with two perfectly good legs who, however, has never learned to walk forward.

A Reactionary is a somnambulist walking backwards.

A Liberal is a man who uses his legs and his hands at the behest — at the command — of his head.

It has been a good thing for us that during the past twenty years we have seen the effect of organized propaganda even when that propaganda has been based on nostrums or prejudices.

It has been a good thing for our country that the Congress of the United States has been deluged from time to time by organized propaganda. Members of the House of Representatives and the Senate begin to discriminate nowadays between honest, spontaneous, unsolicited expressions of opinion on the part of the voters and the propaganda type of mass appeals.

Because the country is so profoundly interested in the world situation today, I do want to leave with you one thought bearing on international relations. I make bold to do this because the topic of this evening's discussion, as I understand it, is "The War's Challenge to the United States."

In and out of Congress we have heard orators and commenta-

tors and others beating their breasts and proclaiming against sending the boys of American mothers to fight on the battlefields of Europe. That I do not hesitate to label as one of the worst fakes in current history. It is a deliberate setting up of an imaginary bogey man. The simple truth is that no person in any responsible place in the national administration in Washington, or in any State Government, or in any city Government, or in any county Government, has ever suggested in any shape, manner or form the remotest possibility of sending the boys of American mothers to fight on the battlefields of Europe. That is why I label that argument a shameless and dishonest fake.

I have not the slightest objection to make against those amateurs who, to the reading and the listening public, discourse on the inner meanings of the military and naval events of the war in Europe. They do no harm because the average citizen is acquiring rapidly the gift of discrimination—and the more all of these subjects are talked about by amateur armchair strategists the more the public will make up its own mind in the long run. The public will acquire the ability to think things through for themselves.

The fact of the international situation—the simple fact, without any bogey in it, without any appeals to prejudice—is that the United States of America, as I have said before, is neutral and does not intend to get involved in war. That we can be neutral in thought as well as in act is impossible of fulfillment because again, the people of this country, thinking things through calmly and without prejudice, have been and are making up their minds about the relative merits of current events on other continents.

It is a fact increasingly manifest that presentation of real news has sharpened the minds and the judgment of men and women everywhere in these days of real public discussion. We Americans begin to know the difference between the truth on the one side and the falsehood on the other, no matter how often the falsehood is iterated and reiterated. Repetition does not transform a lie into a truth.

146 ¶ A Thanksgiving Day Proclamation.

October 31, 1939

I, FRANKLIN D. ROOSEVELT, President of the United States of America, do hereby designate Thursday, the twenty-third of November, 1939, as a day of general thanksgiving.

More than three centuries ago at the season of the gathering in of the harvest, the Pilgrims humbly paused in their work and gave thanks to God for the preservation of their community and for the abundant yield of the soil. A century and a half later, after the new Nation had been formed, and the charter of government, the Constitution of the Republic, had received the assent of the States, President Washington and his successors invited the people of the Nation to lay down their tasks one day in the year and give thanks for the blessings that had been granted them by Divine Providence. It is fitting that we should continue this hallowed custom and select a day in 1939 to be dedicated to reverent thoughts of thanksgiving.

Our Nation has gone steadily forward in the application of democratic processes to economic and social problems. We have faced the specters of business depression, of unemployment, and of widespread agricultural distress, and our positive efforts to alleviate these conditions have met with heartening results. We have also been permitted to see the fruition of measures which we have undertaken in the realms of health, social welfare, and the conservation of resources. As a Nation we are deeply grateful that in a world of turmoil we are at peace with all countries, and we especially rejoice in the strengthened bonds of our friendship with the other peoples of the Western Hemisphere.

Let us, on the day set aside for this purpose, give thanks to the Ruler of the Universe for the strength which He has vouchsafed us to carry on our daily labors and for the hope that lives within us of the coming of a day when peace and the productive activities of peace shall reign on every continent.

148. *Proclamation of Neutrality*

147 ¶ A Greeting on the Close of the Extraordinary Session of the Congress. November 3, 1939

*My dear Mr. Vice President:*

As it seems probable that this extraordinary session of the Congress will be brought to adjournment within a few hours, may I extend through you to the Members of the Senate my congratulations and good wishes?

I hope that world events will not make it necessary to have any other extraordinary session—and, therefore, in anticipation of seeing you all on the third of January next, I extend to you in the meantime my best wishes for a Happy Thanksgiving and a Merry Christmas. May I add that I hope those Members from States whose Governors have set November thirtieth as Thanksgiving Day will celebrate both Thanksgivings—the twenty-third and the thirtieth.

Very sincerely yours,

The Honorable  
The Vice President of the United States,  
United States Senate,  
Washington, D. C.

(An identical letter was sent to the Speaker of the House of Representatives.)

148 ¶ Proclamation of Neutrality under the New Neutrality Act of 1939. Proclamation No. 2374. November 4, 1939

WHEREAS section 1 of the joint resolution of Congress approved November 4, 1939, provides in part as follows:

“That whenever the President, or the Congress by concurrent resolution, shall find that there exists a state of war between foreign states, and that it is necessary to promote the security or

*148. Proclamation of Neutrality*

preserve the peace of the United States or to protect the lives of citizens of the United States, the President shall issue a proclamation naming the States involved; and he shall, from time to time, by proclamation, name other States as and when they may become involved in war."

AND WHEREAS it is further provided by section 13 of the said joint resolution that

"The President may, from time to time, promulgate such rules and regulations, not inconsistent with law as may be necessary and proper to carry out any of the provisions of this joint resolution; and he may exercise any power or authority conferred on him by this joint resolution through such officer or officers, or agency or agencies, as he shall direct."

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority conferred on me by the said joint resolution, do hereby proclaim that a state of war unhappily exists between Germany and France; Poland; and the United Kingdom, India, Australia, Canada, New Zealand and the Union of South Africa, and that it is necessary to promote the security and preserve the peace of the United States and to protect the lives of citizens of the United States.

And I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said joint resolution and in bringing to trial and punishment any offenders against the same.

And I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred on me by the said joint resolution, as made effective by this my proclamation issued thereunder, which is not specifically delegated by Executive order to some other officer or agency of this Government, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions.

And I do hereby revoke my proclamations nos. 2349, 2354

### *149. Definition of Combat Areas*

and 2360 issued on September 5, 8, and 10, 1939, respectively, in regard to the export of arms, ammunition, and implements of war to France; Germany; Poland; and the United Kingdom, India, Australia, and New Zealand; to the Union of South Africa; and to Canada.

(For a discussion of the new Neutrality Act, see note to Item 130, this volume.)

### 149 ¶ Definition of Combat Areas under New Neutrality Act of 1939. Proclamation No. 2376. November 4, 1939

WHEREAS section 3 of the joint resolution of Congress approved November 4, 1939, provides as follows:

“(a) Whenever the President shall have issued a proclamation under the authority of section 1 (a), and he shall thereafter find that the protection of citizens of the United States so requires, he shall, by proclamation, define combat areas, and thereafter it shall be unlawful, except under such rules and regulations as may be prescribed, for any citizen of the United States or any American vessel to proceed into or through any such combat area. The combat areas so defined may be made to apply to surface vessels or aircraft, or both.

“(b) In case of the violation of any of the provisions of this section by any American vessel, or any owner or officer thereof, such vessel, owner, or officer shall be fined not more than \$50,000 or imprisoned for not more than five years, or both. Should the owner of such vessel be a corporation, organization, or association, each officer or director participating in the violation shall be liable to the penalty hereinabove prescribed. In case of the violation of this section by any citizen traveling as a passenger, such passenger may be fined not more than \$10,000 or imprisoned for not more than two years, or both.

“(c) The President may from time to time modify or extend any proclamation issued under the authority of this section, and when the conditions which shall have caused him to issue any such proclamation shall have ceased to exist he shall revoke such proclamation and the provisions of this section shall thereupon cease to apply, except as to offenses committed prior to such revocation.”

### *149. Definition of Combat Areas*

AND WHEREAS it is further provided by section 13 of the said joint resolution that

“The President may, from time to time, promulgate such rules and regulations, not inconsistent with law as may be necessary and proper to carry out any of the provisions of this joint resolution; and he may exercise any power or authority conferred on him by this joint resolution through such officer or officers, or agency or agencies, as he shall direct.”

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority conferred on me by the said joint resolution, do hereby find that the protection of citizens of the United States requires that there be defined a combat area through or into which it shall be unlawful, except under such rules and regulations as may be prescribed, for any citizen of the United States or any American vessel, whether a surface vessel or an aircraft, to proceed.

AND I do hereby define such combat area as follows:

All the navigable waters within the limits set forth hereafter.

Beginning at the intersection of the North Coast of Spain with the meridian of  $2^{\circ}45'$  longitude west of Greenwich;

Thence due north to a point in  $43^{\circ}54'$  north latitude;

Thence by rhumb line to a point in  $45^{\circ}00'$  north latitude;  $20^{\circ}00'$  west longitude;

Thence due north to  $58^{\circ}00'$  north latitude;

Thence by a rhumb line to latitude  $62^{\circ}$  north, longitude  $2^{\circ}$  east;

Thence by rhumb line to latitude  $60^{\circ}$  north, longitude  $5^{\circ}$  east;

Thence due east to the mainland of Norway;

Thence along the coastline of Norway, Sweden, the Baltic Sea and dependent waters thereof, Germany, Denmark, the Netherlands, Belgium, France and Spain to the point of beginning.

AND I do hereby enjoin upon all officers of the United States,

*150. Statement on Combat Areas*

charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said joint resolution and in bringing to trial and punishment any offenders against the same.

AND I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred on me by the said joint resolution as made effective by this my proclamation issued thereunder, which is not specifically delegated by Executive order to some other officer or agency of this Government, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions.

150 ¶ Presidential Statement on Combat Areas  
under the New Neutrality Act of 1939.

November 4, 1939

THE REVISED neutrality law has been signed and has gone into effect today; and I have also, under it, issued a proclamation defining a combat area, described in latitude and longitude.

In plain English, the chief result is this: From now on, no American ships may go to belligerent ports, British, French, and German, in Europe or Africa as far south as the Canary Islands. This is laid down in the law, and there is no discretion in the matter.

By proclaiming a combat area I have set out the area in which the actual operations of the war appear to make navigation of American ships dangerous. This combat area takes in the whole Bay of Biscay, except waters on the north coast of Spain so close to the Spanish coast as to make danger of attack unlikely. It also takes in all the waters around Great Britain, Ireland, and the adjacent islands including the English Channel. It takes in the whole North Sea, running up the Norwegian coast to a point

south of Bergen. It takes in all of the Baltic Sea and its dependent waters.

In substance, therefore, American ships cannot now proceed to any ports in France, Great Britain, or Germany. This is by statute. By proclamation they cannot proceed to any ports in Ireland, nor to any port in Norway south of Bergen; nor to any ports in Sweden, Denmark, Netherlands, or Belgium, nor to Baltic ports. All neutral ports in the Mediterranean and Black Seas are open; likewise all ports, belligerent or neutral, in the Pacific and Indian Oceans and dependent waters, and all ports in Africa south of the latitude of the Canaries (30°N.).

I have discretion to permit, within the spirit of the law, American shipping to operate in the combat areas, where there is necessity. It is intended by regulation to provide that ships and citizens who are now in combat areas may get out of them; and for the minimum of necessary official, relief, and other similar travel which must go on in such areas. It is also intended to provide that vessels which cleared for combat areas before the act and proclamation became effective shall be allowed to complete their voyages.

Combat areas may change with circumstances, and it may be found that areas now safe become dangerous, or that areas now troubled may later become safe. In this case the areas will be changed to fit the situation.

Coastwise American shipping is not affected by the bill nor is shipping between American republics or Bermuda or any of the Caribbean islands. In the main, shipping between the United States and Canada is also not affected.

151 ¶ A Greeting on the Fiftieth Anniversary of the Republic of Brazil. November 7, 1939

*My dear Mr. President:*

ON NOVEMBER 15 your country will commemorate the fiftieth anniversary of the Proclamation of the Brazilian Federative Republic. I have great pleasure in sending you on this happy occasion my own best wishes and those of the people of the United States.

It is a tribute to the Brazilian Nation and its leaders that the complete independence of your country was attained by patient adjustment and without bloodshed. The less fortunate people who today do not enjoy independence and freedom can take courage from the lesson in tolerance that your people have given to mankind.

This occasion is an appropriate one on which to refer again to the traditional friendship of the United States of Brazil and the United States of America. This friendship is based on mutual respect and the New World principle which affirms the right of peoples to work out their destinies without foreign interference. It should be obvious to all that the similarity of our objectives, and our cooperation in working for their attainment, is not due to any mere accident of fate, but to the common ideals which inspire us.

My memory of the warm welcome and hospitable reception which you and the citizens of Rio de Janeiro were kind enough to give me at the time of my visit in November, 1936, serves to assure me of the cordial reception that will be given to the commander, officers and men who fly this message to you.

Believe me, my dear Mr. President,

Yours very sincerely,

His Excellency

Dr. Getulio Dornellas Vargas,

President of the United States of Brazil.

152 ¶ The Five Hundred and Ninety-sixth Press Conference (Excerpts). November 10, 1939

*(Armistice Day ceremony at Arlington Cemetery—Ships and crews made idle by neutrality proclamation—Conferences with Lewis and Green—Transfer of registry.)*

THE PRESIDENT: Well, what news have you got?

Q. We have a lot of questions, sir.

THE PRESIDENT: Somebody think of something?

Q. Can you straighten out the maritime situation for us, sir?

THE PRESIDENT: Working on it. That is all I can say.

Q. When may we expect anything?

THE PRESIDENT: I don't know; I cannot prognosticate.

Q. Any week-end plans, sir?

THE PRESIDENT: No; staying right here.

Q. Have you made up your plan for tomorrow as far as Arlington is concerned?

THE PRESIDENT: Yes, going out to do the regular thing. We shall go out at quarter of eleven and get there for the ceremony and come back afterwards. In the evening I am taking part in the Red Cross appeal, at 10:30.

At eleven o'clock this morning I asked some of the seamen labor union people to come in, the longshoremen, because I am approaching—that is about all I can say about the maritime question—I am approaching it from the human angle as well as the property angle, which a good many people seem to have completely overlooked, callously enough.

Q. Did you say "as well as the property"?

THE PRESIDENT: Yes, as well as the property angle. In other words, we have a problem which was created by the statute. There are about—well, it is awfully hard to give any exact figure but I would say, offhand—between twenty-five and thirty-five American flag ships that have been running in between the ports that are now outlawed, in other words, belligerent ports or danger zone ports. As a result of the legis-

*152. Five Hundred and Ninety-sixth Press Conference*

lation, they are now tied up or will be by the time they get back from current voyages. Now, that means not only twenty-five to thirty-five ships but also their crews.

There are several things that we are going to talk about at eleven o'clock in relation to the human problem. The first relates to something that cannot be done until the next session of Congress, and that is to try to apply the social security law to the crews of ships as well as to people who work in industrial plants. That would mean the same system as we use in industry, and would cover both old age pensions and unemployment insurance. As far as I can tell now, I shall make a recommendation to cover that, to the next session of the Congress. However, that does not give immediate relief; and I am working now with the Maritime Commission on a project for giving training under the auspices of the Maritime Commission to a portion, not all, of these sailors and officers who have been thrown out of work because of the neutrality law going into effect. We hope that we shall be able to give additional training to a substantial portion of those people who have been put on the beach because the ships have been laid up.

Q. What kind of training, Mr. President?

THE PRESIDENT: Seamen's training—officers' training.

Q. Any naval training, necessarily?

THE PRESIDENT: Oh, no. Merchant ship training.

Q. Does that have an income attached to it?

THE PRESIDENT: Yes.

Q. Mr. President, the transfer of ships to foreign flags would not affect the number of American seamen put on the beach, would it?

THE PRESIDENT: No, not a bit.

The third thing which I am working on—I do not want to hold out any hope that it will be effected, but it would be of some assistance in this problem—is the use by the Government of some of these twenty-five to thirty-five ships in order to go and fetch certain materials that the Government

is purchasing under existing law for—well, I think we have called it—“stock piles,” haven’t we?

We are spending a good deal of money to buy various war materials to store up in case of future need. There is \$10,000,000 appropriated for that at the present time. We also have, as you know, an agreement which went into effect last summer with Great Britain, by which we do some swapping. We are swapping some cotton for rubber and tin. Now, that rubber and tin have to be sent for to the East Indies; and it will take additional ships to bring it, that is to say, ships over and above the normal commercial needs of that area, to bring that rubber and tin to this country. I believe—I do not know whether the State Department said anything about this or not—I think that there is an agreement, or it is being discussed with the British, by which they will take the cotton from this country to England. Does anybody know if that has been announced?

Q. It has not been announced.

THE PRESIDENT: Of course, obviously, we cannot send American cotton to England in American flag ships.

Q. Mr. President, do you regard the transfer in September, and the Maritime Commission’s approval given to the transfer, of fifteen Standard Oil tankers to Panama as, perhaps, setting a precedent?

THE PRESIDENT: No, no. Of course it is perfectly legal. You see, unfortunately, in spite of what some people say, the President of the United States is more or less bound by the law. It is a curious and strange idea which has been challenged in the past few days by people who, in the past, have been most intent on confining the President of the United States to the strict letter of the law. It is one of those anomalies which columnists are very apt to enjoy. Go ahead, you are one.

Q. In the last analysis, wouldn’t the interests of these American seamen probably best be served by the maintenance instead

*152. Five Hundred and Ninety-sixth Press Conference*

of the abandonment of these ships, even if it does involve the transfer to another flag?

THE PRESIDENT: I do not think it makes much difference to the poor fellows who are on the beach anyway. If the ship stays at the dock, they are on the beach; if the ship is transferred or sold to some other nation, they are still on the beach.

Q. But, after the war is over, they can return to American registry and the American seamen would still, theoretically, have these jobs open to them?

THE PRESIDENT: You are doing a bit of theorizing that, after they have been used for war purposes for some time, they will still be worth transferring back to the American flag. I doubt it. They are all on their last legs now.

Q. Could you give us the legal interpretation? You said the transfer of the Standard Oil ships did not set a precedent and that, contrary to what the columnists say, you are bound by the law. Does that mean you interpret that law as saying the ships can be transferred?

THE PRESIDENT: There is no question that the ships can be legally transferred or sold. We are simply trying to work out other methods. That is as far as we can go now. That means transfer with full retention of title in the present owning company.

Q. Any thought of transferring any of these idle ships to the South American and other routes?

THE PRESIDENT: You know, that is a thing as to which the average layman has the happy thought—and a great many of them do these days—that it is a perfectly easy thing. There are a lot of routes—South America, Australia, China and so forth and so on. Why not keep them under the American flag and put them on these other routes? It is a beautiful thought. But a ship goes from one place to another not just for the pleasure of making the voyage. They do it in order to carry goods or passengers or both and, therefore, it becomes a problem of whether there are enough goods and passengers to justify the voyage. You can be quite sure that if there should

153. *Anniversary of Virginia Military Institute*

be enough goods and passengers to keep these ships under the American flag on other routes, they would be kept under the American flag. But, unfortunately, we have a shortage of goods and passengers.

Q. Is there a thought of organizing another company to keep these ships?

THE PRESIDENT: No, not that I know of. I have not heard. . . .

Q. Can you tell us something of the conferences with Lewis and Green, other than on the maritime situation?

THE PRESIDENT: Nothing to tell that you or I could write. Just continuing conversations; that is as far as we got.

Q. Mr. Green intimated very plainly that you asked that the conferences be resumed, and he said his committee was ready any time the C.I.O. was. Mr. Lewis came out and referred us to you.

THE PRESIDENT: I may not have discussed the same thing with Mr. Lewis.

Q. He said it was the same thing.

THE PRESIDENT: I am sure you cannot get a story out of it. I doubt if I could tell you one myself. We haven't got to the point where we can write any kind of a story. Incidentally, the more stories which are not strictly accurate go out, the more it hurts the possibility of getting labor together. That is really the fact. . . .

153 ¶ Address on the One Hundredth Anniversary of the Virginia Military Institute.

Lexington, Virginia. November 11, 1939

*General Kilbourne, friends of Virginia Military Institute:*

IT GIVES ME peculiar pleasure to participate in this observance of the one hundredth anniversary of the founding of Virginia Military Institute. I very deeply regret that I cannot carry out my hope and expectation of being with you in person, but I

know you will understand my difficulty of being away from Washington at this trying time and also my desire to attend the already historic simple ceremony at the Tomb of the Unknown Soldier at Arlington.

We, as a nation, like V.M.I., are determined to pursue our way within the Scriptural command not to "remove the ancient landmarks which thy fathers have set." And like our ancestors we work for peace, we pray for peace, and we arm for peace.

The whole history of V.M.I. is a triumphant chronicle of the part which the citizen soldier can play in a democracy. V.M.I. bears eloquent witness to the necessity for institutions of learning which, while adhering to the primary purpose of preparing men for work in the arts and sciences, have also a by-product in their military training system. We need today as we have always needed, and always shall need, citizens trained in the art of military defense. By no other means can we hope to maintain and perpetuate the democratic form of constitutional representative Government.

On this account I greet V.M.I. as it celebrates the one hundredth anniversary of its beginning; and what associations come to mind as we commemorate this anniversary. We remember among countless others that the immortal name of "Stonewall" Jackson is part of the imperishable heritage of V.M.I. And we honor not less, the town of Lexington as the resting place of that superb soldier and his dauntless chief, that knightly figure without reproach and without fear, another of the great commanders of history, Robert E. Lee.

There is nothing inconsistent in saying a word about peace at this anniversary of a great school of arms. In our history, the two have always had a connection. We have never had the illusion that peace and freedom could be based on weakness.

Jackson and Lee, famous for their military courage, never lost sight of the fact that the only legitimate aim of armed force was to restore civil peace, in which armed force would no longer be needed.

The only object of arms is to bring about a condition in which

#### 154. *Annual Red Cross Roll Call*

quiet peace under liberty can endure. It is fitting to remember this today. In this season we have been used to celebrating the anniversary of the Armistice of the World War. Now we need a new and better peace: a peace which shall cause men at length to lay down weapons of hatred which have been used to divide them; and to forego purposeless ambitions which have created fear—ambitions which in the long run serve no useful end. We seek a language in which neighbor can talk to neighbor; in which men can talk to men; and by which the common and homely and human instincts which are found everywhere may reach expression through the elimination of fear.

I have sought and I still seek, in all simplicity, to try to find the road toward this peace. It must be the goal not only of men trained to arms, but of all of us everywhere, whose dearest desire is a quiet peace under liberty.

To all of you, Faculty, Students and Graduates of the Virginia Military Institute, I send my warm greetings on your Centennial. Live up to your great heritage, your noble record and your simple faith throughout the second century that lies before you.

#### 154 ¶ Radio Appeal Launching the Annual Roll Call of the American Red Cross.

November 11, 1939

*Chairman Davis and friends of the Red Cross everywhere:*

I HAVE gladly accepted the invitation to say a few words on this program launching the annual Roll Call of the American Red Cross. I join in this appeal because the President of the United States also is President of the American Red Cross. Moreover, I believe with heart and soul that all of us Americans should do everything we can to support an organization of such vital importance to our people.

Knowledge of our individual responsibility toward the na-

tional and international services of the Red Cross is always essential to the success of these ministrations of mercy. We should bear in mind that, during the Roll Call, the Red Cross does not ask us to make a mere donation. It invites us to join and to take our place in the legion of men and women of good will who make the Red Cross one of our strongest shields against forces of destruction — whether activated by nature or man. We must realize that regardless of race, creed, or color, the Red Cross deeply matters to us, as individuals, in a world darkened by conflict and misery.

The Red Cross stands upon a remarkable record of service to humanity. Founded in 1881 and chartered by Congress in 1905 as our national voluntary relief agency, the American Red Cross has played a conspicuous part in relieving the distress which has followed every national disaster. The growth of its services to the nation has been in direct proportion to the growing confidence of the American people in its ability to respond swiftly and competently to emergency situations.

The Red Cross this year is being called upon to meet an unusual number of appeals for aid from every quarter. Because our Red Cross is a member of the large family of Red Cross societies which, in time of war, join with the neutral International Red Cross in Geneva in the alleviation of suffering caused by war, the conflict in Europe has brought added responsibilities to our national organization. We of this fortunate country are already doing much, in the name of humanity, on behalf of the unfortunate victims of this unhappy conflict. I am sure you would not want it otherwise, and when the time comes for the Red Cross to ask your help to continue this work I am confident of your sympathetic response.

Equally important, however, is the year-in and year-out battle of our Red Cross to preserve life and health here at home. The psychology of hate and destruction, so rampant today, makes it too easy to forget that while war is not a human necessity, neither are the preventable deaths which harm a nation at peace. It is essential, therefore, that the Red Cross continue its efforts to

155. *Relief for Drought Sufferers*

reduce the number of avoidable accidents and illnesses which yearly take the lives of hundreds of thousands of Americans.

To make this possible we must keep our Red Cross prepared through memberships and contributions to meet any and all emergencies, whether at home or abroad. The annual Roll Call of the American Red Cross begins today, Armistice Day, but there can be no armistice in our war against need and human suffering.

We have been told many times that it is our Red Cross, that it is our voluntary agency for the relief and prevention of suffering of our neighbors at home and abroad—and, perhaps, of ourselves. I would like to underscore the truth of that statement. It is our Red Cross, yours and mine. It needs our warm-hearted, generous, typically American support. Both as Chief Executive and as a fellow citizen I urge you to join during the Roll Call—to join now, and to do your bit.

155 ¶ A Statement of Relief Efforts for Drought Sufferers of 1939 in Several States.

November 15, 1939

*My dear Mr. Hall:*

I HAVE the telegram of October twenty-third from you and Mr. John V. Johnson urging consideration of drought relief legislation to meet the need of farmers in twenty-nine States.

Earlier this year I feared that conditions caused by drought might become serious. In order to be prepared to render all possible aid should the drought continue, on July twenty-seventh I therefore directed the Secretary of Agriculture, the Secretary of the Interior, the Work Projects Administrator, and the Director of the Civilian Conservation Corps to prepare for an emergency.

The Congress has authorized these agencies to undertake emergency relief action in the event of floods, droughts, or other

calamities. For example, the Agricultural Adjustment Administration has authority under such circumstances to make payments for the seeding of legumes and similar close-growing crops where weather has destroyed previous seedings. This assistance has been given in some of the more critically affected areas. Further assistance in the form of loans or grants by the Farm Security Administration is being given where conditions warrant it. The Federal Surplus Commodities Corporation can purchase surplus foods which are distributed to needy families in areas where conditions warrant this action. The Work Projects Administration is giving special consideration to projects in areas where there are many needy families because of drought. Also, allowances have been made in Civilian Conservation Corps enrollment quotas to consider the drought in judging the relief needs in all States.

I recently conferred with members of Congress and officials of the Department of Agriculture about the extent of drought damage, the availability of feed supplies, and measures which seemed most appropriate in alleviating distress as a result of the drought.

According to the crop report issued by the Agricultural Marketing Service as of October 1, 1939, the current crop as well as the apparent supply of both hay and grain are above normal for the country as a whole. Therefore, it appears that there is no shortage in feed supplies. The problem is to get feed into the hands of those who need it. Available facilities already authorized by the Congress appear ample to cope with the situation to the extent that no human suffering will occur. Because of the costs involved in transporting bulky substances, such as feeds, it may be necessary, however, for commercial feeding operations in some of the more seriously affected drought areas to be materially curtailed. In fact, severe drought during several consecutive years has already resulted in such curtailment in certain parts of the West.

I can assure you of my sincere interest in this problem. Fed-

*155. Relief for Drought Sufferers*

eral agencies will continue to carry on coordinated action and afford every possible relief.

A similar reply is being sent to Mr. Johnson.

Very sincerely yours,

Edwin A. Hall, Esq.,  
Binghamton, New York.

*NOTE:* During the summer of 1939 serious drought conditions spread over the country — not only in the West where droughts have been frequent, but even in the usually humid sections of the Northeast and the Middle Atlantic States. The northeastern drought was almost unprecedented, and was especially severe in the dairy-farming sections of southern New York, northern Pennsylvania, and northern New Jersey.

On July 27, 1939, realizing the emergency proportions of the drought, I called together the Secretary of Agriculture, the Secretary

of the Interior, the Work Projects Administrator, and the Director of the CCC to devise ways of meeting the situation. Each department and agency represented was directed to extend such relief as it could in the affected areas, to the fullest extent possible under its statutory authority, and with the money which had been made available.

For other references to governmental drought relief action, see Items 81, 103, 140, 147, 1934 volume; Item 18, 1935 volume; Items 83, 90, 99, 103, 104, 112, and 120, 1936 volume; and Item 20, 1937 volume.

156 ¶ “He Believed, as We Do, That the Average Opinion of Mankind Is in the Long Run Superior to the Dictates of the Self-Chosen.”

Address at the Cornerstone Laying of the Jefferson Memorial, Washington, D.C.

November 15, 1939

*Mr. Gibboney, Gentlemen of the Commission:*

**T**HIS is the second occasion on which I have had the privilege of coming in an official capacity to this site; and I hope that by January in 1941, I shall be able to come to the final dedication of the Memorial itself.

In the earliest days of the Republic under the Constitution, the representatives of the several States of the Union were in substantial agreement that a national capital should be founded in a Federal district set apart from the jurisdiction of any individual State. That purpose was, in a true sense, a symbol of a realization of national unity; and the final location of the national capital in this place proclaimed a proper compromise between the interest of the North, the South, the seaboard and the interior, as they existed at that time.

In all of the hundred and fifty years of our existence as a constitutional nation, many memorials to its civil and military chiefs have been set up in the National Capital. But it has been reserved to two of those leaders to receive special tribute in the nation's capital by the erection of national shrines perpetuating their memories, over and above the appreciation and the regard tendered to other great citizens of the Republic.

Today we lay the cornerstone of a third great shrine—adding the name of Thomas Jefferson to the names of George Washington and Abraham Lincoln.

I have spoken of the national character of the District of Co-

*156. Cornerstone Laying of Jefferson Memorial*

lumbia itself, a capital which represents today the vitality, not of thirteen Atlantic seaboard States, but of forty-eight States which encompass the whole width of the continent.

This vitality envisages many-sided interests; and it is therefore fitting that among hundreds of monuments to famous Americans the three great shrines are dedicated to men of many-sided qualities.

Washington represented abilities recognized in every part of the young nation and, indeed, in every part of the civilized world of his day; for he was not only a great military leader, not only a great moderator in bringing together discordant elements in the formation of a constitutional nation, not only a great executive of that nation in its troublesome early years, but also a man of vision and accomplishments in private civil fields—talented engineer and surveyor, planner of highways and canals, patron of husbandry, friend of scientists and fellow of political thinkers.

Lincoln, too, was a many-sided man. Pioneer of the wilderness, counsel for the under-privileged, soldier in an Indian war, master of the English tongue, rallying point for a torn nation, emancipator—not of slaves alone, but of those of heavy heart everywhere—foe of malice, and teacher of good-will.

To those we add today another American of many parts—not Jefferson the founder of a party, but the Jefferson whose influence is felt today in many of the current activities of mankind.

When in the year of 1939 America speaks of its Bill of Rights, we think of the author of the Statute for religious liberty in Virginia.

When today Americans celebrate the anniversary of the Fourth of July 1776, our minds revert to Jefferson, author of the Declaration of Independence.

And when each spring we take part in commencement exercises of schools and universities, we go back to the days of Jefferson, founder of the University of Virginia.

When we think of his older contemporary, Benjamin Franklin, as the experimenter in physics, we remember that Jefferson was

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an inventor of numerous small devices to make human life simpler and happier, and that he, too, experimented in the biology of live stock and of agriculture.

In the current era in the erection of noble buildings in all parts of the country we recognize the enormous influence of Jefferson in the American application of classic art to homes and public buildings—an influence that makes itself felt today in the selection of the design for this very shrine for which we are laying the cornerstone.

But it was in the field of political philosophy that Jefferson's significance is transcendent.

He lived, as we live, in the midst of a struggle between rule by the self-chosen individual or the self-appointed few and rule by the franchise and approval of the many. He believed, as we do, that the average opinion of mankind is in the long run superior to the dictates of the self-chosen.

During all the years that have followed Thomas Jefferson, the United States has expanded his philosophy into a greater achievement of security of the nation, security of the individual and national unity, than in any other part of the world.

It may be that the conflict between the two forms of philosophy will continue for centuries to come; but we in the United States are more than ever satisfied with the republican form of Government based on regularly recurring opportunities to our citizens to choose their leaders for themselves.

Therefore, in memory of the many-sided Thomas Jefferson and in honor of the ever-present vitality of his type of Americanism, we lay the cornerstone of this shrine.

157 ¶ A Tribute on the Death of Justice Pierce  
Butler of the Supreme Court of the United States.  
November 16, 1939

I HAVE KNOWN Justice Butler for a great many years and I always regarded him as a personal friend. His undoubtedly great ability, his complete frankness in the expression of his philosophy and his honest convictions, commanded my respect and, in common with his many friends, I sincerely regret his untimely passing.

158 ¶ Address at the Laying of the Cornerstone  
of the Franklin D. Roosevelt Library, Hyde Park,  
New York. November 19, 1939

*Mr. Walker, my neighbors and friends:*

HALF a century ago a small boy took especial delight in climbing an old tree, now unhappily gone, to pick and eat ripe sickle pears. That was about one hundred feet to the west of where I am standing now. And just to the north he used to lie flat between the strawberry rows and eat sun-warmed strawberries—the best in the world. In the spring of the year, in hip rubber boots, he sailed his first toy boats in the surface water formed by the melting snow. In the summer with his dogs he dug into woodchuck holes in this same field, and some of you are standing on top of those holes at this minute. (*Laughter*) Indeed, the descendants of those same woodchucks still inhabit this field and I hope that, under the auspices of the National Archivist, they will continue to do so for all time.

It has, therefore, been my personal hope that this Library, and the use of it by scholars and visitors, will come to be an integral part of a country scene which the hand of man has not changed very greatly since the days of the Indians who dwelt here three hundred years ago.

We know from simple deduction that these fields were cultivated by the first inhabitants of America—for the oak trees in these fields were striplings three centuries ago, and grew up in open fields as is proved to us by their wide spreading lower branches. Therefore, they grew in open spaces, and the only open spaces in Dutchess County were the cornfields of the Indians.

This is a peaceful countryside and it seems appropriate in this time of strife that we should dedicate this Library to the spirit of peace—peace for the United States and soon, we hope, peace for the world itself.

At the same time we can express the thought that those in the days to come who seek to learn from contemporaneous documents the history of our time will gain a less superficial and more intimate and accurate view of the aspirations and purposes of all kinds of Americans who have been living in these times.

Of the papers which will come to rest here I personally attach less importance to the documents of those who have occupied high public or private office, than I do to the spontaneous letters which have come to me and my family and my associates from men, from women, and from children in every part of the United States, telling me of their conditions and problems, and giving me their opinions.

To you who have come here today to take part in the laying of the cornerstone, to you who have contributed so greatly to the building of the Library, and to you who have also helped but who could not be present, I give my appreciation and thanks. I add, too, my very sincere thanks to all the workmen and the foremen who have made possible this splendid beginning in this building.

This wholly adequate building will be turned over, as you know, to the Government of the United States next summer without any cost whatsoever to the taxpayers of the country. During the following year the manuscripts, the letters, the books, the pictures and the models will be placed in their appropriate

159. *Thanksgiving Dinner at Warm Springs*

settings, and the collections will be ready for public inspection and use, we hope, by the spring of 1941.

And may I add, in order that my good friends of the press will have something to write about tomorrow, that I hope they will give due interpretation to the expression of my hope that, when we open the building to the public, it will be a fine day. (*Laughter*)\*

All of you who have been so generous in making this Library possible—all of my friends and associates who have given so greatly of their time and their interest in the planning of the work—will join me, I know, in feeling well rewarded if for generations to come the people of the United States approve our planning and believe that the life of our Nation has been thereby enriched.

(See Item 156 and note, 1938 volume, for further discussion of the Franklin D. Roosevelt Library.)

159 ¶ Informal, Extemporaneous Remarks at Thanksgiving Dinner, Warm Springs Foundation, Warm Springs, Georgia. November 23, 1939

*Members of the Old Warm Springs Foundation, members of the Warm Springs family:*

I DO NOT KNOW how you feel, but Anne Smither feels better than she did at the beginning of the dinner.

Somebody—I think it was Tommy Qualters—told Anne that she was going to have the neck of the turkey, and I think she was distinctly worried until the real thing came to the table on the plate.

You know, sometimes I think these parties have been going on all my life, and yet it is only just fifteen years ago that I came

\*(Note: This was a reference to the constant habit of the Press during this period of seeking some hint in every remark of the President as to whether he was going to be a candidate for a third term.)

159. *Thanksgiving Dinner at Warm Springs*

down here, all alone, to have a perfectly good holiday and try out a thing called "the public pool." Why, it is so long ago—fifteen years—that it was even before Fred Botts got here, and probably a lot of you think that Fred was born here. And then, as time went on, our Thanksgiving dinners got to be something. I remember the first Thanksgiving Day dinner in 1925. It was in the old Inn, the old fire-trap which was about two hundred feet from where we are now. Oh, yes, Fred was there but at that time he was a very small boy. We were perfectly thrilled because we had, including all the people who worked on the place and the one doctor and the one physiotherapist, fifty people at that dinner. Then, as time went on, the problem of the old Inn and its dining hall got to be serious because—I don't know when it was—around 1928 or 1929 we had two hundred people at our Thanksgiving dinner and we got awfully worried because there were some ominous creaks in the middle of the dinner after the turkey had been eaten—not creaks from the people but creaks from the foundation of the building. It was a great question as to whether the timbers of the old Inn would stand the surfeit of food. That was one reason why we built Georgia Hall, because we were not quite sure if we got bigger and better Thanksgiving Day dinners that the old Inn would stand up. It was a matter of pure physical precaution that we had to build Georgia Hall.

And now—this is not the first dinner we have had here—it is going to be a question before most of us die whether this dining room is going to be big enough or not. However, we have all sorts of tricks up our sleeve: we can extend this dining room either that way or that way, behind me, or even out sideways. So I have an idea there will always be plenty of room for the Thanksgiving Day party.

When I left here at the end of April or the beginning of May—I have forgotten when it was—I said to the people down at the train that I would be back this fall if we did not have a war. Well, we had a war; we have a war today. Of course there were columns written about just what I meant. I meant just what I said. We have a war, but I managed somehow to get

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down here this fall. I hope that next spring there won't be any war, but if the war should be still going on, I still hope to be able to get down here, even if it is for a very much shortened holiday, even for a few days, just to see how the Warm Springs family is getting on.

You know, I am in favor of war. I am very much in favor of the kind of war that we are conducting here at Warm Springs, the kind of war that, aided and abetted by what we have been doing at Warm Springs now for fourteen or fifteen years, is spreading all over the country—the war against the crippling of men and women and, especially, of children. It is a comparatively new fight. Even the older people here will be perhaps surprised a little when I tell them that fifty years ago, when some of us who are here tonight were alive, there was practically nothing being done in all of the United States to help crippled people to use their arms and legs again.

What did they do? Well, they were pushed off to the side; they were just unfortunate people. It was just what they used to call "an act of God"; and there were a lot of very good religious people, people who belonged to churches, people who lived Christian lives, all over the United States who, when somebody in the family got infantile paralysis or something else in those days, would say that it was an act of God and they would do nothing more about it. The child or the grownup would be regarded as an unfortunate victim of something about which no human being could do anything. He was segregated; he was put up in the attic. It was one of the things you didn't talk about in the family or among the neighbors. And when was that? Half a century ago! And what a change there has been in those fifty years.

In other words, I think our attitude toward religion, toward helping our neighbors has changed. We believe that there are certain forms of human endeavor that may be called, very properly, war—war against things that we understand about, things that can be improved, ameliorated, bettered in every way because of human endeavor.

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I do not have to tell all of you the tremendous strides that have been made in medicine and, incidentally, in the attitude of people in almost every community in this country toward certain types of human affliction. But it seems to me also that here at Warm Springs we have discovered something that has not yet been recognized as a fact all over the United States, and that is the fact of human relationships and their relation to science and medicine.

Way back there, fourteen or fifteen years ago, when some of the first people came down here because of a Sunday newspaper story and nothing else, there came into being a thing called "the Spirit of Warm Springs." Well, of course everybody likes to think in local terms, but gradually, over those years, that thing that we here call "the Spirit of Warm Springs" has, I think, developed into a major factor in medical science itself, something that is recognized by a great many doctors but not by all. You and I can imagine and some of us have seen wonderful modern hospitals where there is everything that modern science can devise—the best of medical care, the best of nursing care—but somehow, when one has gone through a great modern institution of the kind I am talking about—and there are not many—he comes away feeling that it is all mechanized, it is all mechanical, it is all something that does not take into account human relationships.

Down here at Warm Springs in the last few years, principally of course because of the tremendous national support that we have had, we have built up a mechanically perfect place. This new Infirmary, with all that modern science can possibly give, is all to the good—and yet I do hope to see Warm Springs go on in the position to give the spirit of Warm Springs, the human associations, the general feeling that we are all part of a family, that we are having a pretty good time out of it all, getting well not only in our legs and arms but also helping our minds in relationship to the minds of everybody around us, the other patients, the staff, the friends and the families, all of whom make up Warm Springs.

160. *War Resources Board*

And so, now that our mechanical equipment is so good, now that we are up-to-date, I hope it is going to be our endeavor always in the years to come to keep up the old spirit of human relationships that has meant so much in the past.

It has been a good dinner. I have a flock of telegrams in my hand from members of the Cabinet, from members of the Senate, from members of the House of Representatives, from Governors of many States—the Governor of the State of Georgia in particular. Here is one from a girl who, I think, used to be here in the old days:

“Here’s to our national birds, the eagle and the turkey. May the one give us peace in all our states and the other a piece for all our plates.”

Now I understand that we are going to have one of those old-fashioned Warm Springs plays and then some songs from our Tuskegee friends.

It has been a grand party for me and I hope you all love this as much as Anne Smither and I do.

160 ¶ A Letter of Thanks on the Completion of  
the Work of the War Resources Board of 1939.  
November 24, 1939

*Dear Ed:*

EARLY IN AUGUST, with my approval, the War Resources Board was established to advise with the Army and Navy Munitions Board in reviewing and completing the Industrial Mobilization Plan prepared by that agency, specifically for use only in the event of a major war.

In the intervening weeks, you and your associates on this board of review have devoted much time and effort to the task assigned you and now have submitted the comprehensive report which has just been placed before me. This report will be carefully studied. I feel certain it will prove of material assistance in perfecting our plans for the national defense.

*161. Conflict Between Russia and Finland*

I have noted and heartily concur with the concluding paragraph of your report which reads as follows:

"In submitting this report the Board feels that it has rendered the principal service for which it was appointed. So long as the United States is not engaged in war, such a Board has no power and no executive responsibility. We feel that such preparedness plans as are deemed necessary should be carried forward under the auspices of the Army and Navy Munitions Board with the co-operation of other departments of government. However, if it is desired that we continue to meet from time to time in an advisory relationship with the Army and Navy Munitions Board, we shall of course be happy to serve in that capacity."

At this time I should like to express to you personally my appreciation of the fine spirit with which you undertook this important public service, and for the constructive work which you have performed. Your patriotic offer of further service is also greatly appreciated and I hope that you will continue to act in an advisory capacity to the Army and Navy Munitions Board, as it may request from time to time.

Cordially yours,

Mr. E. R. Stettinius, Jr.,  
71 Broadway,  
New York City.

**161 ¶ Statement on the Conflict Between Russia and Finland. December 1, 1939**

THE NEWS of the Soviet naval and military bombings within Finnish territory has come as a profound shock to the Government and people of the United States. Despite efforts made to solve the dispute by peaceful methods to which no reasonable objection could be offered, one power has chosen to resort to force of arms. It is tragic to see the policy of force spreading, and to realize that wanton disregard for law is still on the march. All peace-loving peoples in those nations that are still hoping for the continuance of relations throughout the world on the

## *162. Bombing of Civilians*

basis of law and order will unanimously condemn this new resort to military force as the arbiter of international differences.

To the great misfortune of the world, the present trend to force makes insecure the independent existence of small nations in every continent and jeopardizes the rights of mankind to self-government. The people and Government of Finland have a long, honorable and wholly peaceful record which has won for them the respect and warm regard of the people and Government of the United States.

### 162 ¶ The President Appeals to Russia and Finland to Desist from Bombing of Civilians.

December 1, 1939

THE RUTHLESS bombing from the air of civilians in unfortified centers of population during the course of hostilities which have raged in various quarters of the earth during the past few years, which has resulted in the maiming and in the death of thousands of defenseless men, women and children, has sickened the hearts of every civilized man and woman, and has profoundly shocked the conscience of humanity.

If resort is had to this form of inhuman barbarism during the period of the tragic conflagration with which the world is now confronted, hundreds of thousands of innocent human beings who are not even remotely participating in hostilities, will lose their lives. I am therefore addressing this appeal to the Soviet Government [read Finnish Government in the message to Helsinki], as I have to Governments which have been engaged in general hostilities, publicly to affirm its determination that its armed forces shall in no event, and under no circumstances, undertake the bombardment from the air of civilian populations or of unfortified cities, upon the understanding that these same rules of warfare will be scrupulously observed by all of their opponents. I request an immediate reply.

163 ¶ The President Suggests to Manufacturers Not to Sell Airplanes to Belligerents Who Bomb Civilians. December 2, 1939

THE AMERICAN GOVERNMENT and the American people have for some time pursued a policy of wholeheartedly condemning the unprovoked bombing and machine gunning of civilian populations from the air.

This Government hopes, to the end that such unprovoked bombing shall not be given material encouragement in the light of recent recurrence of such acts, that American manufacturers and exporters of airplanes, aeronautical equipment and materials essential to airplane manufacture will bear this fact in mind before negotiating contracts for the exportation of these articles to nations obviously guilty of such unprovoked bombing.

NOTE: On June 3, 1938, the Acting Secretary of State, Sumner Welles, issued a statement expressing the condemnation by American public opinion of the barbarous slaughter of civilian populations in China and Spain by aerial bombings. On June 11, 1938, it was further announced that we trusted that this would discourage the sale of bombing planes to nations which might use them for such purposes. This "moral embargo" was shortly thereafter brought to the attention of all manufacturers or exporters of airplanes and airplane parts in the country.

With the outbreak of war in Europe in September, 1939, I issued an immediate appeal to all nations involved to refrain from the bomb-

ing of defenseless civilian populations (see Item 114, this volume).

My statement of December 2, 1939, was an extension of the previously announced "moral embargo" to cover materials essential to airplane manufacture. This policy was further extended on December 20, 1939, to include the delivery of technical information required for the production of high quality aviation gasoline.

As the crisis became more acute in Europe and the Far East, and as our own defense needs became greater, a licensing system was instituted in July, 1940, in order to control the export of war materials and materials deemed essential to the national defense (see Item 66, 1940 volume).

164 ¶ The Six Hundred and Third Press Conference. December 5, 1939

*(Finnish war debt—Diplomatic relations with Russia—Control of aliens—Connecting private power transmission lines.)*

THE PRESIDENT: Somebody will probably ask the question about the Finnish debt. I have taken it up with the Treasury Department. Of course we do not know anything about it except the press items reporting that the Finnish Legation has indicated that its Government intends to make payments on the due date, which is December fifteenth, and the amount is \$234,693.

Of course, legally, if and when that is tendered to the Treasury, the Secretary of the Treasury has to accept it. I have asked the Secretary of the Treasury and he has agreed that he will place it in a suspense account—it is only a matter of two or three weeks anyway. I shall so inform the Congress after they get back here the third of January, with a recommendation that they take up the question of whether, by Congressional action, the use of it should not be changed from the general fund to some purpose for the benefit of the Finnish people.

I have not got to the point of deciding whether I shall make a specific recommendation, either in regard to that amount or previous payments over the last four or five years. At least this is a step indicating that the matter will be placed before the Congress at the earliest part of the session.

Q. Mr. President, I did not get the significance of your remark about the last four or five years.

THE PRESIDENT: Well, the suggestion has been made, you know, that we should make available to the Finnish people more than this payment, or, in other words, some of the back payments that have been made.

Q. You cannot cancel the rest of the debt, can you, Mr. President?

*164. Six Hundred and Third Press Conference*

THE PRESIDENT: No, I cannot do anything under the law except to turn it over to the Secretary of the Treasury.

Q. How about future payments, Mr. President? Would that likely be adjusted too?

THE PRESIDENT: Oh, not that I know of. This is just an immediate pending question.

Q. What did you have in mind as to the use to which this money might be put?

THE PRESIDENT: That is just exactly what I said. I said I could not go into details because I do not know. We shall talk it over, though, with Congress.

Q. Is there anything you can tell us at this time about the severance of diplomatic relations with Russia?

THE PRESIDENT: Well, there is no news today. I do not know about the future. Of course things are happening all the time. In regard to the general method of handling the foreign policy from day to day, I am inclined to think that it must be pretty good. What the Secretary of State is doing I think must be pretty good; and I think it must have the general approval of the great mass of the American people for one rather obvious reason. The criticisms and accusations are coming in large part from two sources: first, the Soviet press, a portion of the Nazi press and our little friend, I have forgotten his name, who is now publicity agent of the Republican National Committee. (*Laughter*) And also the Hearst papers. They are all substantially in accord in attacking the foreign policy of the American Government. And then, on the other side of the picture, a few statesmen in Russia and, I think, Germany, and a comparatively small number of politically-minded people in the House and Senate of the United States.

So, on the whole, as between those two sources, abroad and here, I would say probably that the foreign policy must be pretty good.

Q. Does that mean a continuation of relations with Russia must be pretty good?

*164. Six Hundred and Third Press Conference*

THE PRESIDENT: No. I have answered that question before—  
There is no change today.

Q. Would you include Mr. Hoover in that last category, Mr. President?

THE PRESIDENT: I do not think I need expand. I think it rather speaks for itself.

Q. Mr. Secretary—*(laughter)*—Mr. President, is there anything you can tell us today with regard to applying the neutrality law to Finland and Russia?

THE PRESIDENT: No, nothing on that today. Of course—let me give you just this for background and not for attribution in any way: You do have to consider that there are efforts being made at the present time, some of them you do not even know about, for the beginning of negotiations looking toward peace or toward the end of hostilities. There are different forces on the other side. We have nothing—we are not participating any more than what we have already done, but there are various efforts being made and the situation—this again only for background—is not yet completely hopeless. That is why I do not think we should do anything to upset any appercarts that may be in the making.

Q. You mean, of course, just Russia and Finland—not France and England?

THE PRESIDENT: Yes.

Q. The thought that there is not declared to be a war, there is less likelihood of being one?

THE PRESIDENT: That is too hypothetical and too far off.

Q. That it is not declared formally by the United States to be a war, that there is a chance of escaping a full-fledged war?

THE PRESIDENT: I think you are narrowing it down. I think we have to be more general than to make any categorical statements of that kind.

Q. Referring again to the Finnish debt matter, have the Finns made any request themselves for any assistance in that regard?

*164. Six Hundred and Third Press Conference*

THE PRESIDENT: Absolutely none. Purely and wholly initiated by this Government.

Q. In that connection, do you believe that the Russians might properly consider that as an unneutral act in any respect?

THE PRESIDENT: No. How?

Q. Here is a debt that the Finns owe us and we set it aside in a suspense account with the idea that Congress may consider using that fund for the Finnish people who have been attacked by Russia.

THE PRESIDENT: Not necessarily. Now you are presupposing that we would use that money to pay for airplanes to send over to Finland.

Q. I was not presupposing that at all, sir.

THE PRESIDENT: You must have been, or something along that line. Suppose, for the sake of argument, we were to take care of Finnish refugees, Finnish wounded? There is a little illustration that just proves the question. There are lots of ways it could be used in a perfectly neutral way.

Q. Can you tell us anything about the prosecution of foreign aliens who have been violating the Federal law?

THE PRESIDENT: No, except that it is getting on pretty well. The Attorney General is working on it.

Q. Referring to the question asked last week about public power policy, Secretary Ickes suggested this morning that there was a likelihood of a high power transmission system hooking up several power areas of the United States and also that there should be increased generation. He has hinted in his remarks to the utility people present that the Government may have to step in on both of these, if industry did not. Can you clear that up for us, please?

THE PRESIDENT: I think the easiest way is to tell you what I was just talking to Mr. Scattergood about. As you know, there is this problem of connecting links between privately owned transmission lines. In England they found that because these private companies were serving different localities, it was difficult for the private companies not to have a fight among

themselves, if and when they managed a jointly owned connecting link. In other words, it was not a smooth running method of operation. So, as I remember it, the British organized one of those things that they have—a half-and-half Government-private control company—to build and operate, connecting links for the benefit of the private companies, with a joint management; and each of the private companies using these connecting links paid an equitable charge for the use of the connecting links. In England it is working very well.

As I understand it, they are studying a proposition of that kind, to have those connecting links built over here.

I used the illustration to Scattergood of all the railroads running into Chicago in the old days, when each one had its own railroad, and owned freight depots and everything else. Somebody came along and built the Chicago Belt Line, I think it was, which serves all the other roads; and all the roads pay to it a fee, a charge for the use of this connecting railroad that runs from the north side of Chicago around the city to the south side of Chicago and serves all roads. There is nothing startling in that, it is merely a matter of working out a system by which these connecting transmission lines can be built for the benefit of the private companies on all sides of them.

Q. Mr. President, any idea of the cost of such a program?

THE PRESIDENT: Any what?

Q. The cost?

THE PRESIDENT: Oh, no; only in the initial study stage.

Q. Would it be necessary, in this country, to have joint management of the connecting links? Management by the Government?

THE PRESIDENT: Well, we know it has worked awfully well in other places.

165 ¶ A Greeting to Finland on the Twenty-second Anniversary of Its Independence.

December 6, 1939

*His Excellency*

*Kyosti Kallio,*

*President of the Republic of Finland,*

*Helsinki, Finland*

THIS anniversary on which the Finnish people recall with pride the achievement of their independence gives me yet another welcome occasion to voice the wholehearted esteem felt for them and for their Government by the people and Government of the United States.

It is my earnest hope that these tragic days may not be long in giving way to a happier era to permit the Finnish people to continue, untroubled, the steady development of their free political and social institutions which have aroused the admiration of the American people.

166 ¶ The President Expresses the Need of  
Better Housing for the Middle Income  
Groups. December 14, 1939

*Dear Mrs. Simkhovitch:*

YOUR LETTER of December 4, expressing the interest of the National Public Housing Conference in better housing for the middle income groups, relates directly to a problem that has had my sympathetic attention for some time.

We have all recognized that a complete revival of the building industry, and a solution of the housing problem acceptable in terms of social welfare, must include housing for the middle income groups. From the beginning, we have had two objectives

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in mind. First we have felt that the United States Housing Authority program for the lowest income groups, and the Federal Housing Administration program, would encourage the larger development of housing for the middle income groups by private industry. And second, we have felt that further attention and study should be given to the unique housing problem of the middle income groups.

As to whether your proposed amendment to extend the United States Housing Authority program to cooperatives will prove feasible at the coming session of Congress, will depend in part upon general considerations, and in part upon the legislative situation. I shall examine this matter further when the time comes to discuss with the leaders in Congress what effect the introduction of additional amendments might have upon the passage of the amendments to the United States Housing Act now pending.

Whatever immediate solution may be indicated, the need of the middle income groups for better housing is a matter of constant concern to me.

Very sincerely yours,

Mrs. Mary Kingsbury Simkhovitch,  
National Public Housing Conference,  
New York City.

(For discussion of the United States Housing Authority, see Item 143 and note, 1937 volume; for discussion of the Federal Housing Administration, see Item 82, 1934 volume, Item 157, 1937 volume, and accompanying notes. For an account of defense housing, see note to Item 156, 1940 volume.)

167 ¶ A Tribute on the Death of Heywood

Broun. December 18, 1939

*Mrs. Heywood Broun,  
Stamford, Conn.*

AS ONE of the old friends who shared in the deep richness of his friendship, I offer an assurance of heartfelt sympathy to you and to young Heywood in the loss which has come to you with such crushing force. Mrs. Roosevelt joins me in this message.

Heywood Broun lived a full life and leaves a noble heritage. His great gifts of heart and mind and soul were ever directed toward high purposes. Neither slander, nor calumny, nor thought of personal consequences ever deterred him once he had entered a fight in the cause of right and justice as he saw it.

He was a hard fighter but always a fair adversary and, no matter for whom he worked, he wore no man's collar. He will be missed and mourned, particularly by the underprivileged, whose staunch champion he always was.

168 ¶ The Six Hundred and Eighth Press Conference. December 22, 1939

*(Advance holiday pay for government employees—Health—Hospitals in the poorer sections of the country—Prevention of sabotage—Policy on feeding starving people at home—Candidacy for third term.)*

THE PRESIDENT: I did take up the question as to whether we could pay the good people who serve the Government ahead of the regular pay day, at the end of the month, but the Director of the Budget and, I think, the Comptroller General say that, unfortunately, we cannot do it under the law.

I have done my best and we shall all have to stay "broke" because of Christmas for a few days until the second of

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January, except some people who have new radio contracts and things like that.

Q. Mr. President, are you reviving the Interdepartmental Health Committee?

THE PRESIDENT: No; I do not know where that crazy story came from. . . .

Q. Is Miss Roche [Miss Josephine Roche] going to stay?

THE PRESIDENT: Yes. . . .

They are working along the line of continuing their studies. They are also working along another line which I suggested to them, which might be called an effort during the coming year to work out a plan on a small basis instead of waiting for a complete and perfected plan, such as a plan similar to the Wagner Bill and the Harrison Bill, which would cost an awful lot of money—might run up to a very, very large sum every year.

The chief trouble with those plans for health, as you all know, is that they are more or less based on what we call the “matching basis.” The trouble with the matching basis is that those States which have the most money are able to put up the most money and get the greatest amount of Federal aid; and those, of course, are the States that have the best health conditions. The poorest health conditions are in those States which have the least money to put up, and therefore would get the least Federal aid.

This general proposal that we are studying at the present time is that—on the assumption that we are not going ahead on the 45-55 matching basis on public works, as hitherto, for schoolhouses and county courthouses and jails and water works and sewer systems, et cetera and so on—we could afford, in a comparatively small way, to have the Federal Government finance hospitals and clinics—I suppose the best term is “medical centers”—in those parts of the United States that have not any hospitals or facilities.

You take, for instance, two cases: I have in mind a county in the State of New York with about 100,000 population

that has six pretty good hospitals in it and enough money to keep those hospitals going. That is a pretty good health service, taking it by and large. Then I have in mind another area in the lower South where three counties with a total of about the same population, 100,000 people, have not a hospital within the three counties, no clinic, no operating room, and are eighty miles from the nearest hospital. They can only send patients if there are free vacant beds in that hospital eighty miles away.

Now, the general thought is that in a locality like the latter—and there are probably several hundred of them in the United States—the Federal Government should build small hospitals, on condition that the Federal Government is satisfied that the local people will be able to operate and manage that hospital in a successful way, both from the point of health efficiency and from the point of view of finance. If they once got the plant, the local communities would have to sustain it along adequate lines, both financially and from the point of view of good medical service. And the cost of what might be called the first experimental step to bring better medical health center facilities to the places that have not any at all would not be very great. The idea would be to start it in such a way as to serve the most needy communities first; and, if the thing works, it can be developed further.

Q. Mr. President, would that be a substitute for the Wagner Bill?

THE PRESIDENT: No, I would not call it that. It would mean at this particular coming session we would not attempt to put through a general plan on a nationwide basis, but that this would be a step toward the improvement of health in those communities that have complete lack of facilities today.

Q. Would that take new legislation?

THE PRESIDENT: Oh, my, yes.

Q. Where would the funds come from and which agency would do it?

THE PRESIDENT: It would be a combination. The Government

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would put it up. It would be a combination of P.W.A. and W.P.A., using, at the same time, W.P.A. labor as far as we can.

Q. Does the U.S. Public Health Service come in?

THE PRESIDENT: Yes. They come in on the plans and, with probably some very distinguished group of doctors, they would pass on the plans and also on the approval of the local operating methods.

Q. They would make the plans and the surveys?

THE PRESIDENT: Yes, and also the inspection to see that it was kept up to the promises.

Q. Has the Federal Security Administrator worked with this committee in formulating this plan?

THE PRESIDENT: It is being studied. It is in the preliminary study stage and I have talked to quite a number of doctors. I am talking very soon with the American Medical Association people; they have a committee of seven who are studying this same type of project.

Q. Mr. President, do you mean the Federal Government would bear all the construction expense?

THE PRESIDENT: All the construction expense on the condition that the maintenance and operation and management would be carried out completely by the local people.

Let me give you an illustration which will probably show you what I mean: Take any one of three or four given areas that I know of, one of them in the Middle West, one in the rather far West, not as far as the Coast, and a couple of them down south. Doctors in those places have come to me and have said, "The one thing we cannot do is to build a hospital. We cannot get the money; it is a poor section. We cannot build a hospital. We cannot put in operating rooms. We cannot buy an ambulance to go with it. We cannot put in facilities for trained nurses. We cannot raise the capital. But, if we could get a small plant, we think we could maintain it."

I said, "What do you mean by a small plant?" Now, this

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is just one example. They said, "In our locality we could put up a one-story building of wood. It is a good section for wood. The building would last fifty or seventy-five years if it was kept painted. Being one-story, it is perfectly safe from the point of view of fire. It would have an administration building with a clinic in it that people could come to, and an operating room, and also a laboratory which, of course, is necessary for any modern hospital."

I said, "What could you do it for?" "Well," they said, "we could do the whole works, including equipping the operating room, for \$150,000."

In other words, this is not any grandiose scheme for putting up hospital centers that cost \$10,000,000 apiece. In these areas, in a great many cases we could put up a fairly adequate building for \$150,000.

Q. How many beds?

THE PRESIDENT: About a hundred beds.

Q. A hundred beds total in both wings?

THE PRESIDENT: Total, yes.

Q. As I remember it, the A.M.A. (American Medical Association) Committee particularly criticized the proposal to build hospitals, saying that we have enough hospitals and that we had better use those hospitals we have.

THE PRESIDENT: I think they were talking about some of the great centers when they said that. In other words, they would not say it themselves in these localities that have no hospitals. I think the statement that they made was probably true in relation to some of the great cities of the country.

Q. One sound point that the A.M.A. has made consistently is that they would like to have the operation of the hospitals left in private hands rather than in Governmental hands. Your plan would comply with that?

THE PRESIDENT: In other words, it would be the people in the locality.

Q. In introducing this subject, you spoke of the old P.W.A. ratio of 45-55 as a precedent. I imagine—

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THE PRESIDENT: [interposing] No, no; that is gone. For this thing it would be 100 per cent by the Federal Government but, of course, a fairly large proportion of that 100 per cent would be covered by the W.P.A. relief workers' appropriation.

Q. Have you reached any estimate as to how much might be used in the first year under such a program?

THE PRESIDENT: No, we have not got as far as that. It would not be a very large sum.

Q. This looks like a natural for the log-rollers on the Hill. How would you hold that down?

THE PRESIDENT: (*laughing*) I think you are right and, therefore, the idea is this: Of course, if Congress wants to do it they have a perfect right to do it, but the objective is to find out the fifty areas in the United States that most need hospital facilities. Now, if Congress wants to specify those fifty areas — it would take a long time to study it out — of course, it is all right. However, the practical way is to appoint a committee of distinguished doctors, rather than Congressmen, to determine which are the most necessary fifty localities to put fifty buildings in.

Q. What in case these local people cannot support it?

THE PRESIDENT: That is what we want to find out.

Q. Suppose it couldn't?

THE PRESIDENT: The idea is that no hospital would be built until some expert committee of doctors and hospital managers and Public Health people is satisfied that the community could and would support it.

Q. No liens at all? The title, free, goes from the Federal Government?

THE PRESIDENT: It is up to the Federal Government to keep the title to it.

Q. Would not that penalize the communities which do build their own? Would any community build its own?

THE PRESIDENT: I am talking about the communities that haven't got any at all — no hospital at all. This northern area that I am talking about has six hospitals, and if it wants a seventh

hospital, it has enough money to build it and pay for it itself.

Just the same thing as talking of matching on the question of education. The States of New York, Massachusetts and Illinois ought not to have any aid from the Federal Government for schools but Georgia and Mississippi and Alabama, South Carolina and Arkansas, I think, need some aid because they have not the realty values down there to build schools and run them. You take the State of Georgia—some of you were down with me this year. You remember the Atlanta papers? There were great headlines every morning: "State Schools Will Probably Close Down the First of January." This information was given to me when we were down there. They have kept open through December because the Governor borrowed \$400,000, I think, from the State highway fund. There is your problem. We rich people up here do not visualize it.

Q. A group of newspapers in Cleveland, with the cooperation of the Police Department, has organized what they call, an "Industrial Safety Council" for the prevention of sabotage. They say this is being done with the encouragement of the Federal Government through Naval Intelligence. It has aroused a great deal of opposition from labor, which thinks this is a move for labor espionage. Will you say what the policy is?

THE PRESIDENT: I never heard of the particular thing. Of course the policy is a very simple one. What is labor going to do if in a plant employing 10,000 people there are ten potential—what do they call them?—saboteurs? Now, there is no attack on those 10,000 people employed there, but it is very distinctly the duty of the Federal Government to ferret out these potential saboteurs. That is just plain common sense.

Q. It is necessary to have the industries themselves work with the cooperation of the local authorities?

THE PRESIDENT: Yes, sure; and labor. Heavens, the other 9,990 people have a duty as employees to help the Government find the ten.

*168. Six Hundred and Eighth Press Conference*

Q. Mr. President, will you discuss this Ohio soup kitchen proposal?

THE PRESIDENT: I do not think there is anything to discuss, If and when any city finds itself with a lot of people who are starving and it is proved to the Federal Government, the Federal Government will try to do what it has said right along it would do, and that is to keep people from starving. The obvious way of doing that is to do it the way we operate during a flood disaster or an earthquake or something like that. We use the Red Cross, we use the W.P.A., we use the non-military part of the Army, which means camp kitchens that are drawn upon in any disaster.

Q. The Federal Government would not move in that area voluntarily? You would have to be informed by the Governor of the State? Is that clear to you?

THE PRESIDENT: No. If there are a lot of starving people and it is proved, there is no question of the Governor or anybody else. We will just carry out the policy of the Federal Government.

Q. Have you seen any such proof from Ohio as this?

THE PRESIDENT: No. That is merely a restatement of what we have been saying for the last seven years. . . .

Q. Several weeks ago a reporter asked you if Mr. Garner's candidacy made any difference in your plans. In view of the statement made yesterday by Secretary Ickes and the Attorney General regarding Progressive-Liberal coalitions, is there anything you can say today?

THE PRESIDENT: The easiest way to put it is—please excuse the language and do not quote it—I am too damned busy [*laughter*], literally, to be talking about potential events a long, long way off. I have other things I think are more important for the Nation at the present time, foreign affairs and certain domestic issues which are right to the core.

In other words, I fortunately have, as some of you have been kind enough to intimate, two things, a sense of proportion and a sense of timing. (*Laughter*)

*169. Christmas Greeting to Foreign Service*

Q. You sat up all night on that one.

THE PRESIDENT: Yes. (*Laughter*)

MR. GODWIN: Thank you, Mr. President.

Q. Merry Christmas!

THE PRESIDENT: Oh, yes; I forgot. A Merry Christmas to you all!

(See Item 12, 1940 volume, for the message to the Congress recommending the construction of hospitals in poorer sections of the country; on the control of sabotage and espionage, see Items 121, 122, pages 485-486, this volume; Items 74 and 138, pages 577-580, 1940 volume.)

169 ¶ Christmas Greeting to the Foreign Service  
of the United States. December 22, 1939

*To the Foreign Service:*

WHATEVER may be your rank in the Foreign Service, whether you are Chiefs of Mission or junior Foreign Service officers or clerks, you are in some measure active and responsible participants in world affairs at a turning point of history. As such your willingness to sacrifice yourselves, your stamina and the quality of the intelligence which you bring to the performance of your duties are being tested and will continue to be tested as they have never been tested before. I do not send you a conventional holiday message at this time of anxiety and suffering for many millions throughout the world. Instead I wish to tell you of my faith in you and of my confidence that you will prove equal to the heavy burdens which you must carry.

170 ¶ A Letter to the Pope in the Interest of  
Paralleling Endeavors for Peace and Allevia-  
tion of Suffering. December 23, 1939

*Your Holiness:*

BECAUSE, at this Christmas time, the world is in sorrow, it is especially fitting that I send you a message of greeting and of faith.

The world has created for itself a civilization capable of giving to mankind security and peace firmly set in the foundations of religious teachings. Yet, though it has conquered the earth, the sea, and even the air, civilization today passes through war and travail.

I take heart in remembering that in a similar time, Isaiah first prophesied the birth of Christ. Then, several centuries before His coming, the condition of the world was not unlike that which we see today. Then, as now, a conflagration had been set; and nations walked dangerously in the light of the fires they had themselves kindled. But in that very moment a spiritual rebirth was foreseen—a new day which was to loose the captives and to consume the conquerors in the fire of their own kindling; and those who had taken the sword were to perish by the sword. There was promised a new age wherein through renewed faith the upward progress of the human race would become more secure.

Again, during the several centuries which we refer to as the Dark Ages, the flame and sword of barbarians swept over Western civilization; and, again, through a rekindling of the inherent spiritual spark in mankind, another rebirth brought back order and culture and religion.

I believe that the travail of today is a new form of these old conflicts. Because the tempo of all worldly things has been so greatly accelerated in these modern days we can hope that the period of darkness and destruction will be vastly shorter than in the olden times.

*170. Cooperation of All Religions Toward Peace*

In their hearts men decline to accept, for long, the law of destruction forced upon them by wielders of brute force. Always they seek, sometimes in silence, to find again the faith without which the welfare of nations and the peace of the world cannot be rebuilt.

I have the rare privilege of reading the letters and confidences of thousands of humble people, living in scores of different nations. Their names are not known to history, but their daily work and courage carry on the life of the world. I know that these, and uncounted numbers like them in every country, are looking for a guiding light. We remember that the Christmas Star was first seen by shepherds in the hills, long before the leaders knew of the Great Light which had entered the world.

I believe that while statesmen are considering a new order of things, the new order may well be at hand. I believe that it is even now being built, silently but inevitably, in the hearts of masses whose voices are not heard, but whose common faith will write the final history of our time. They know that unless there is belief in some guiding principle and some trust in a divine plan, nations are without light, and peoples perish. They know that the civilization handed down to us by our fathers was built by men and women who knew in their hearts that all were brothers because they were children of God. They believe that by His will enmities can be healed; that in His mercy the weak can find deliverance, and the strong can find grace in helping the weak.

In the grief and terror of the hour, these quiet voices, if they can be heard, may yet tell of the rebuilding of the world.

It is well that the world should think of this at Christmas.

Because the people of this nation have come to a realization that time and distance no longer exist in the older sense, they understand that that which harms one segment of humanity harms all the rest. They know that only by friendly association among the seekers of light and the seekers of peace everywhere can the forces of evil be overcome.

In these present moments, no spiritual leader, no civil leader,

*170. Cooperation of All Religions Toward Peace*

can move forward on a specific plan to terminate destruction and build anew. Yet the time for that will surely come.

It is, therefore, my thought that though no given action or given time may now be prophesied, it is well that we encourage a closer association between those in every part of the world—those in religion and those in government—who have a common purpose.

I am, therefore, suggesting to Your Holiness that it would give me great satisfaction to send to you my personal representative in order that our parallel endeavors for peace and the alleviation of suffering may be assisted.

When the time shall come for the reestablishment of world peace on a surer foundation, it is of the utmost importance to humanity and to religion that common ideals shall have united expression.

Furthermore, when that happy day shall dawn, great problems of practical import will face us all. Millions of people of all races, all nationalities and all religions may seek new lives by migration to other lands or by reestablishment of old homes. Here, too, common ideals call for parallel action.

I trust, therefore, that all of the churches of the world which believe in a common God will throw the great weight of their influence into this great cause.

To you, whom I have the privilege of calling a good friend and an old friend, I send my respectful greetings at this Christmas Season.

Cordially yours,

His Holiness  
Pius XII,  
Rome, Italy.

*NOTE:* On the same date as the foregoing letter, I sent substantially similar letters to Dr. George A. Buttrick, President of the Federal Council of Churches of Christ in America, and Dr. Cyrus Adler,

President of the Jewish Theological Seminary of America.

The letters to Dr. Buttrick and Dr. Adler were substantially similar to the one sent to Pope Pius XII, with the exception of one para-

### *171. Christmas Greeting to the Nation*

graph. I suggested to Pope Pius XII in the foregoing letter that "it would give me great satisfaction to send to you my personal representative in order that our parallel endeavors for peace and the alleviation of suffering may be assisted." In my letters to Dr. Buttrick and Dr. Adler, I said:

"I therefore suggest that it would give me great satisfaction if you would, from time to time, come to Washington to discuss the problems which all of us have on our minds, in order that our parallel endeavors for peace and the alleviation of suffering may be assisted."

On the same day that these letters

were sent, I announced my intention of sending Myron C. Taylor as my personal representative to the Pope. It was understood that Dr. Buttrick and Dr. Adler would, in a sense, represent the Protestant and Jewish faiths respectively, in a cooperative religious effort, when the appropriate time should come, to help re-establish world peace on a surer foundation and to alleviate suffering throughout the world. In this way, the three faiths were each represented.

Upon the death of Dr. Adler in 1940, I designated Dr. Louis Finkelstein to carry on his work. (See Items 15 and 22, 1940 volume.)

## 171 ¶ A Radio Christmas Greeting to the Nation. December 24, 1939

THE OLD YEAR draws to a close. It began with dread of evil things to come and it ends with the horror of another war adding its toll of anguish to a world already bowed under the burden of suffering laid upon it by man's inhumanity to man.

But, thank God for the interlude of Christmas. This night is a night of joy and hope and happiness and promise of better things to come. And so in the happiness of this Eve of the most blessed day in the year I give to all of my countrymen the old, old greeting — "Merry Christmas — Happy Christmas."

A Christmas rite for me is always to re-read that immortal little story by Charles Dickens, "A Christmas Carol." Reading between the lines and thinking as I always do of Bob Cratchit's humble home as a counterpart of millions of our own American homes, the story takes on a stirring significance to me.

Old Scrooge found that Christmas wasn't a humbug. He took

*171. Christmas Greeting to the Nation*

to himself the spirit of neighborliness. But today neighborliness no longer can be confined to one's little neighborhood. Life has become too complex for that. In our country neighborliness has gradually spread its boundaries—from town, to county, to State and now at last to the whole Nation.

For instance, who a generation ago would have thought that a week from tomorrow—January 1, 1940—tens of thousands of elderly men and women in every State and every county and every city of the Nation would begin to receive checks every month for old age retirement insurance—and not only that but that there would be also insurance benefits for the wife, the widow, the orphan children and even dependent parents? Who would have thought a generation ago that people who lost their jobs would, for an appreciable period, receive unemployment insurance—that the needy, the blind and the crippled children would receive some measure of protection which will reach down to the millions of Bob Cratchit's, the Marthas and the Tiny Tims of our own "four-room homes."

In these days of strife and sadness in many other lands, let us in the nations which still live at peace forbear to give thanks only for our good fortune in our peace.

Let us rather pray that we may be given strength to live for others—to live more closely to the words of the Sermon on the Mount and to pray that peoples in the nations which are at war may also read, learn and inwardly digest these deathless words.

May their import reach into the hearts of all men and of all nations.

I offer them as my Christmas message:

"Blessed are the poor in spirit: for theirs is the kingdom of heaven.

"Blessed are they that mourn: for they shall be comforted.

"Blessed are the meek: for they shall inherit the earth.

"Blessed are they which do hunger and thirst after righteousness: for they shall be filled.

"Blessed are the merciful: for they shall obtain mercy.

"Blessed are the pure in heart: for they shall see God.

*172. Marketing Quota Provisions of Sugar Act*

"Blessed are the peacemakers: for they shall be called the children of God.

"Blessed are they which are persecuted for righteousness' sake: for theirs is the kingdom of heaven."

172 ¶ A Statement on Terminating the Suspension of the Marketing Quota Provisions of the Sugar Act of 1937. Proclamation No. 2378.

December 26, 1939

I HAVE issued a proclamation today terminating the suspension of marketing quotas on sugar, which suspension was made necessary on September 11, 1939, by the extraordinary purchases of sugar by consumers immediately after the outbreak of the war in Europe and the excessive speculative activity and advancing prices which accompanied such purchases. Since that time consumer hoarding of sugar has ceased and the price of raw sugar has declined to the price which was in effect before the war. It should be noted that under the law the quotas may again be suspended if such action becomes necessary to protect the consumers.

*Proclamation*

WHEREAS section 509 of the Sugar Act of 1937 provides, in part:

"Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. . . ."; and

WHEREAS by proclamation issued September 11, 1939, I found and proclaimed that a national economic emergency existed with respect to sugar and suspended the operation of title II of that Act:

*172. Marketing Quota Provisions of Sugar Act*

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision of the Sugar Act of 1937, do hereby find and proclaim that the facts which occasioned such suspension no longer exist and do by this proclamation remove the suspension of the operation of title II of that Act with respect to the calendar year 1940.

*NOTE:* This proclamation re- marketing quotas on sugar under  
voked my proclamation of Septem- the Sugar Act of 1937 (see Item 126,  
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